

# Sustainability

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## Chief Sustainability Officer's review

# Short-term progress with long-term goals in sight

Helping to build a future energy system based on renewables, flexibility and networks is the most important contribution to a sustainable future that SSE can make. Doing that in a way that delivers high-quality careers, and an enhanced natural environment, supports SSE's own long-term sustainability too.



The achievement of social, economic and environmental sustainability is a long-term, multiyear pursuit of value and balanced impact. With SSE's key business goals to 2030 getting closer, important progress was made in the financial year 2023/24. Perhaps the most important of which was a significant reduction in the carbon intensity of electricity generated down to 205 grams of carbon dioxide equivalent per kilowatt hour of electricity generated. Of course, we know that emissions trajectories are unlikely to follow a straight line downwards, nevertheless the achievement of SSE's lowest recorded climate impact from the generation of electricity is something to be welcomed.

As SSE ramps up its capital delivery programme, there are many social and environmental issues to be carefully managed. The expansion of SSE's direct workforce, up by over 1,700 year-on-year, to support that programme is very positive and we are particularly pleased to see the increasing numbers of colleagues joining from former high-carbon industries. SSE deliberately seeks to attract those from high-carbon industries, making our contribution to an economy-wide 'just' transition to net zero and, in 2023/24, 35% of SSE's new recruits originated from

high-carbon roles. Their skills and enthusiasm are making an important contribution to SSE's culture and growth.

The development of large capital projects – from renewables to transmission infrastructure – means we are engaging and consulting with communities and stakeholders at an unprecedented scale. Levels of engagement are high, so too is the multitude of perspectives to respond and adapt to. We aspire to the maximum transparency possible, and at all times seek constructive relationships with an array of important stakeholders – from host communities, to regulators and conservationists. The achievement of the 'advanced' rating by SSEN Transmission and Distribution in 2023/24 under the independent AccountAbility audit is an important proof point in that approach.

An important characteristic of SSE's energy assets relates to where they are located. With hydro, wind, distribution and transmission infrastructure often located in rural and remote places, our co-existence with Scotland, England and Ireland's natural heritage is something we are acutely aware of. It is for this reason that we are pleased to be able to report progress against our commitment to ensure that future infrastructure projects leave the natural environment in a healthier state than it was before construction.

At SSE we've set four 2030 Goals aligned to the UN Sustainable Development Goals (SDGs) most material to our business. The past 12 months within SSE have seen important milestones towards the achievement of these long-term goals. There remains, nevertheless, much yet to do and we look forward to making further progress in the year ahead.

**Rachel McEwen**  
Chief Sustainability Officer, SSE plc

21 May 2024

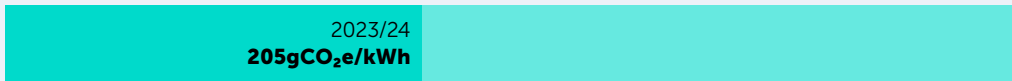
## Progressing towards 2030 Goals


### **Cut carbon intensity by 80%**

Reduce Scope 1 carbon intensity by 80% by 2030, compared to 2017/18 levels, to 61gCO<sub>2</sub>e/kWh.

#### SSE's scope 1 GHG intensity

2017/18 307gCO<sub>2</sub>e/kWh 2030 61gCO<sub>2</sub>e/kWh




 Read more on pages 28 to 32

### **Increase renewable energy output fivefold**

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

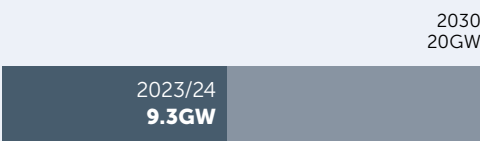
#### Total renewable generation output\*



 Read more on pages 33 to 35

### **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 SSE's electricity networks by 2030.



**c. 284,000**  
pure electric or plug-in hybrid vehicles registered



**c. 45,300\*\***  
heat pumps connected

 Read more on pages 36 to 37

### **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.



**£6.86bn**  
contribution to UK and Irish GDP



**10**  
consecutive years as an accredited Living Wage employer

 Read more on pages 38 to 45

\* Includes pumped storage, biomass and constrained off wind in GB.

\*\* SSEN Distribution now uses source data from the UK Government's Microgeneration Certification Scheme (MCS) to measure progress against this goal. Restated 2022/23 figures can be found in SSE's Sustainability Report 2024.

# Driving sustainability at SSE

## A framework for a sustainable business

Due to the essential nature of SSE's activities, sustainability has naturally been a long-standing feature of its business model, embedded at the heart of its strategy. It provides a framework that guides decisions as it transitions to net zero, ensuring it is done in a way that creates and shares value with stakeholders.

Sustainability is articulated at the highest level, with SSE's business strategy aligned to the UN's Sustainable Development Goals (SDGs). To embed this approach throughout the organisation, SSE has identified four

SDGs which are highly material to the business, and to which it has linked its four core business goals for 2030. These 2030 Goals are focused on addressing the challenge of climate change in a way that is fair to working people, consumers and communities. SSE has identified a further three material SDGs, which are focused on the environment and guide the pillars of SSE's Environment Strategy.

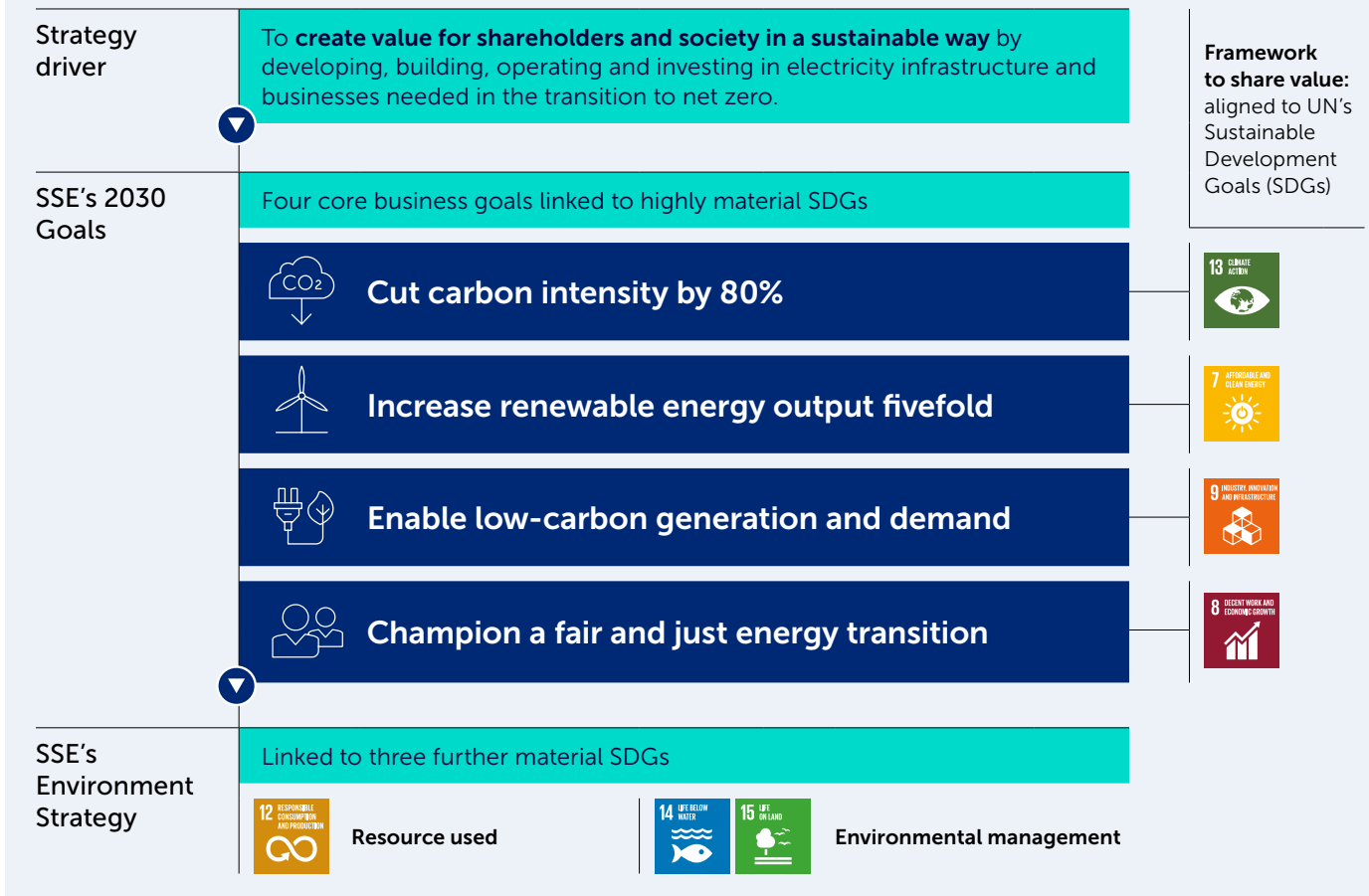
This framework allows SSE to navigate complex of economic, social and environmental impacts and address them in a balanced way to ensure the best outcomes for stakeholders.

## Ensuring accountability for sustainability

Reinforcing SSE's commitment to sustainability, sustainability-linked metrics and targets form part of executive performance-related pay. Progress against SSE's 2030 Goals is linked to the longer-term Performance Share Plan, and the Annual Incentive Plan is linked to average performance across three independent external ESG ratings. These measures mean that accountability for sustainability is held at the most senior levels in the Company.

A summary of progress against these performance measures can be found in the Remuneration Committee's Report from [page 168](#).

### SSE's sustainability hierarchy



## Understanding what matters

### A double materiality approach

A credible approach to sustainability is one that is focused on the most significant issues faced by the Company. Through its activities, SSE inevitably impacts on the world around it, with implications for society, the environment and wider stakeholders. In recognition of this, SSE adopts the 'double materiality' approach, which not only takes into account sustainability matters that have a material impact on SSE's business value, but also considers the impact SSE has on the environment and society.

A comprehensive double materiality assessment was undertaken in 2022/23 with support from an independent third-party. This confirmed the five issues most material to SSE: carbon emissions; sustainable energy generation; affordable and reliable energy; supply chain management; and, skilled workforce.

In addition, the process highlighted three areas of opportunity for greater impact: just transition; circularity; and, nature and biodiversity

In early 2024, SSE undertook a 'pulse check' on the materiality assessment which re-confirmed that these top material issues and areas of opportunity remain highly relevant. Information around SSE's performance in each of these areas can be found throughout the following pages of these sustainability disclosures (pages 24 to 49).

### The impact of the stakeholder perspective

SSE has identified six key stakeholder groups, outlined on page 15, which represent the people, communities and organisations with an interest in its purpose, strategy, operations and actions and who may be affected by them. Strategic stakeholder engagement underpins the understanding and includes a combination of business-led and Board-level interaction

SSE undertakes extensive engagement to understand the issues material to each of its key stakeholder groups and take these into consideration in decision making. Different stakeholders can often have competing priorities and, in these instances, SSE works to ensure that the best possible outcomes are reached.

For more detail on the range of engagement methods SSE adopts with its key stakeholders, see pages 132 to 134. Throughout the following pages, examples of strategic stakeholder engagement, and the impact it has on SSE's decisions and actions during 2023/24 are provided.

### Aligning to external frameworks

Aligning to external sustainability frameworks supports the adoption of common national and international normative standards. These frameworks are created through robust independent processes, capturing the views of a wide variety of stakeholders, and as such also provide insight into issues of particular interest.

SSE is a signatory to the UN's Global Compact (UNGC) incorporating the Ten Principles of the UNGC into its approach to business. In addition, SSE aligns sustainability disclosures to international non-financial reporting frameworks, including the Global Reporting Initiative (GRI) and the SASB Standards, and actively engages with key investor ESG ratings agencies and investor-led initiatives. Full detail can be found in SSE's Sustainability Report 2024 and at [sse.com/sustainability](https://sse.com/sustainability).

While SSE is not yet subject to recent mandated sustainability-related disclosure standards in Europe, it is seeking to adopt the most relevant aspects of the International Sustainability Standards Board (ISSB) Standards and the EU Corporate Sustainability Reporting Directive (CSRD). SSE is currently preparing for complete adoption of these standards as and when they become mandated for its business.

### Collaborating for sustainable outcomes

Partnerships and collaboration are integral to SSE's approach, as it understands that the scale and complexity of the net zero challenge cannot be addressed acting alone. SSE has several well-established partnerships that allow it to collaborate and share knowledge to drive progress on key sustainability-related issues. These include decade-long partnerships with the Living Wage Foundation and the Fair Tax Foundation, working to address two issues which SSE believes are at the heart of sharing value with society.

SSE has also developed industry collaborations which focus on key challenges facing the energy sector, and how these can be addressed through collective action. Examples of these include: the Powering Net Zero Pact, a supply chain initiative working to address key challenges to bringing about a fair and just transition to net zero; and, the Coalition for Wind Industry Circularity, which seeks to bring together the UK wind sector to create a supply chain for the refurbishment and reuse of wind turbine components within the UK.

More detail about SSE's key partnerships and collaborations can be found in SSE's Sustainability Report 2024.

### SSE's most material sustainability topics

SSE's double materiality assessment process has highlighted the issues most material to the Company, as well as areas where it has an opportunity to enhance impact.

#### SSE's most material sustainability topics

- 1 Carbon emissions
- 2 Sustainable energy generation
- 3 Affordable and reliable energy
- 4 Supply chain management
- 5 Skilled workforce

#### Opportunities for enhanced impact

- 1 Just transition
- 2 Circularity
- 3 Nature and biodiversity



# Advancing climate action

Delivering climate action through a credible pathway to net zero legitimises SSE’s licence to operate and is fundamental to its strategy to decarbonise power, contributing to national and international targets.

## A strategy for net zero

The appetite for accelerated climate action presents significant opportunity for SSE. Its business model and strategy are wholly aligned to supporting the energy transition. For more information on SSE’s business model, see [pages 6 to 7](#) and strategy, see [pages 12 to 13](#).

In 2023/24, SSE experienced a strong year of performance, recording its lowest scope 1 GHG emissions, maintaining its trajectory towards its science-based carbon targets aligned to a 1.5°C pathway. However, there is still much work needed to remain on this trajectory in the coming years, and emerging trends, including an increasing focus on security of supply towards the end of this decade, are focusing SSE’s interventions as it balances both social and environmental requirements.

## NZAP Plus investment plan

SSE’s £20.5bn five-year capital investment plan to 2027, the NZAP Plus, is seeing SSE accelerate the build-out of the renewables, system flexibility and electricity networks 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 substantial majority of the investment plan is directly focused on climate solutions to achieve SSE’s 2030 Goals, and is aligned to the Technical Screening Criteria of the EU Taxonomy.

## Targeting net zero

SSE aims to achieve net zero across scope 1 and 2 GHG emissions by 2040 at the latest (subject to security of supply requirements) and for remaining scope 3 GHG emissions by 2050 at the latest. On the pathway to these long-term net zero ambitions, SSE has a series of interim carbon targets, verified by the Science Based Targets Initiative (SBTi) and aligned to a 1.5°C pathway (see Figure 3). Progress against SSE’s science-based targets in 2023/24 can be found on [page 31](#).

## A pathway to net zero

For SSE’s net zero ambitions to be credible, they must be supported by a transparent and robust climate transition plan, against which it can be held accountable. In March 2022, SSE published its Net Zero Transition Plan, available at [sse.com/sustainability](https://www.sse.com/sustainability), which sets out clearly and transparently for stakeholders the key actions SSE will take to drive progress towards its long-term net zero ambitions and its interim science-based carbon targets.

To ensure accountability for progress against the plan, SSE has established a commitment through its shareholder resolution for shareholders to receive its Net Zero Transition Report annually. SSE’s Net Zero Transition Report is published each year in June, alongside SSE’s full-year corporate reporting suite, and summarises SSE’s progress against the targets and actions set out in its Net Zero Transition Plan. SSE’s Net Zero Transition Report 2023 was received by shareholders at the Annual General Meeting in July 2023, with 97.63% of votes cast in favour.

### SSE’s Net Zero Transition Plan pathway



	2025		2035		2050	
TARGET	SHORT TERM (TO 2025)	MEDIUM TERM (2025–2035)		LONG TERM (2035–2050)		
	Engage with 50% of suppliers by spend to set an SBT by 2024	Reduce the carbon intensity of scope 1 GHG emissions by 80% by 2030, from 2017/18 baseline	Reduce absolute scope 1 and 2 GHG emissions by 72.5% by 2030 from a 2017/18 base year	Reduce absolute GHG emissions from use of products sold by 50% by 2034 from a 2017/18 base year	Net zero for SSE’s scope 1 and 2 emissions by 2040	Net zero for all SSE’s remaining scope 3 emissions by 2050
	S3	S1	S1 S2	S3	S1 S2	S3

Note: for definitions of Scopes 1, 2 and 3 SSE follows the GHG Protocol. For further information on SSE’s GHG and Environmental Reporting Criteria 2024 see [sse.com/sustainability](https://www.sse.com/sustainability)

### The important role of medium-term carbon targets

There are several factors outside of SSE’s control, which have potential to impact its carbon performance in the short term. For example, in a tight electricity system, SSE has a social and economic obligation to support security of supply for homes and businesses, when a mix of renewable and non-renewable generation is needed. This reiterates the crucial nature of medium-term carbon targets, which provide clear pathways within the boundaries of which, companies can balance the impact of short-term influences.

SSE’s Net Zero Transition Plan is focused on actions to deliver the steep cuts needed in the medium term, on the pathway to net zero, and provides clarity for stakeholders around the elements within SSE’s control.

### Climate-related opportunities and risks

Climate change represents both an opportunity and a risk to the energy sector, and as such directly influences SSE’s strategy. Since 2018, SSE has been aligning its disclosures to the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. These disclosures provide a structure to elevate

climate challenges, informing decisions and driving change to deliver a net zero economy. Through this process, SSE has identified five key climate-related opportunities and four key climate-related risks. A summary of these opportunities and risks, and how they impact the strategy, can be found in Figure 1.

Climate-related financial disclosures are mandatory in the UK where the Financial Conduct Authority (FCA) listing rule LR 9.8.6 R(8) requires organisations to report against the TCFD recommendations, recommended disclosures and the Annex and guidance (published 2021) in annual reports. SSE has integrated its disclosures against the TCFD recommendations throughout this Annual Report, providing stakeholders with a holistic picture of how it is thoroughly embedded through its business processes. [Pages 98 to 99](#) provides a summary of how to navigate the TCFD-aligned disclosures throughout this report.

### Leading management of climate-related opportunities and risks

SSE continues to prioritise engagement with CDP, the world’s largest database of climate information. In 2024, SSE was awarded an ‘A’ leadership rating for the third consecutive year, for its 2022/23 submission to the CDP Climate Change questionnaire. This saw SSE included in CDP’s Climate A-List, which recognises the world’s leading companies based on their level of transparency and performance on climate change. SSE is one of around 350 companies worldwide which achieved an ‘A’ grade, placing the Company in the top 2% of all scored companies.



**Figure 1: Summary of SSE’s key climate-related opportunities and risks**

The below table provides a summary of SSE’s material climate-related opportunities and risks, alongside time horizon assessed and the scenario sensitivity. For full, detailed climate-related opportunity and risk tables, see [pages 102 to 105](#).

**Time horizon of opportunity or risk:**

SSE considered different warming scenarios over three time horizons to assess the financial impact in each time period.

■ Period of opportunity or risk    ● Most material impact

**Scenario sensitivity:**

Scenario sensitivity indicates the financial significance indicated by the scenario modelling.

●●●● High sensitivity    ● Low sensitivity    ▨ Warming scenario not assessed

		Time horizon			Scenario sensitivity		
		2030	2050	2080	1.5°C	2.5°C	4°C
<b>Transition opportunities</b>	Accelerated wind investment	■ ●	■ ●	■ ●	●●●●	●●●●	▨
	Accelerated transmission growth	■ ●	■ ●	■ ●	●●●●	●●●●	▨
	Valuable flexible hydro	■ ●	■ ●	■ ●	●	●	▨
	Valuable flexible thermal	■ ●	■ ●	■ ●	●●●	●	▨
	Driving distribution transformation	■ ●	■ ●	■ ●	●●	●●	▨
<b>Transition risks</b>	Accelerated gas closure	■ ●	■ ●	■ ●	●●●●	●●●●	▨
	Wind generation price	■ ●	■ ●	■ ●	●●●	●●	▨
<b>Physical risks</b>	Variable renewable generation risk		■ ●	■ ●	●●	▨	●●●●
	Extreme weather network damage		■ ●	■ ●	●●	▨	●●

## Aligning investment to sustainable finance frameworks

The emergence of statutory and normative frameworks defining economic activity under robust sustainability criteria supports the financing of SSE's investments that are wholly focused on the transition to net zero.

### Taxonomy aligned activities

SSE supports the integration of standardised sustainability criteria into investment decisions. Its own internal investment criteria ensures alignment of capital investment plans to its core 2030 Goals which includes targeted reductions in GHG emissions consistent with a 1.5°C Paris Agreement pathway.

To voluntarily provide stakeholders with an indication of the scale of SSE's green economic activities, SSE has taken a best-efforts approach to consider the alignment of its 2023/24 activity to the EU taxonomy, the high-level results of which are outlined in Figure 2.

Key strategic activities (i.e. onshore wind, offshore wind, transmission, distribution) from SSE's reportable segments were assessed against the technical screening criteria. While an internal assessment against the Do No Significant Harm and minimum safeguards criteria was undertaken, a second party opinion has not yet been sought.

A full breakdown of SSE's taxonomy eligible activities and the assumptions used can be found in Table 3 in the Disclosure Statement on [page 107](#).

### Issuance of two new Green Bonds

In 2023/24, SSE issued two new Green Bonds: a €750m eight-year Green Bond in August 2023, earmarked for flagship onshore and offshore wind projects

recently completed or under construction; and, a £500m 20-year Green Bond in January 2024, to finance and/or refinance transmission infrastructure projects.

These represent SSE's sixth and seventh Green Bonds and bring the total outstanding Green Bonds issued by SSE and subsidiaries to £3.7bn, reaffirming SSE's status as the largest issuer of Green Bonds in the UK corporate sector.

### Sustainability-linked Revolving Credit Facilities for networks

In 2023, SSEN Transmission and SSEN Distribution both signed their first sustainability-linked Revolving Credit Facilities (RCFs). The existing RCFs, originally signed in November 2022, were upgraded in May and July 2023 respectively to include key performance indicators, covering environmental and social metrics, and aligned to the sustainability strategies of the two networks businesses.

### Carbon pricing

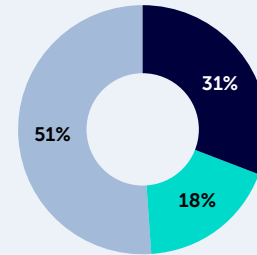
As a generator of electricity, SSE is subject to policies that impact the price of carbon, which makes it an explicit consideration in many investment decisions.

SSE's generation activities in GB are subject to the UK Emissions Trading Scheme (UK ETS), which is a cap-and-trade emissions scheme. In addition, SSE's generation assets in GB are subject to the Carbon Price Support mechanism which sets a price per tonne of carbon emitted and, combined with the UK ETS allowance price, makes up the Total Carbon Price paid by electricity generators. In Ireland SSE's generation assets are subject to the EU Emissions Trading Scheme (EU ETS). At the time of reporting, SSE used carbon prices of £64/tCO<sub>2</sub> in GB and €78/tCO<sub>2</sub> in the EU. SSE's future plans include assumptions on low, central and high carbon range forecasts.

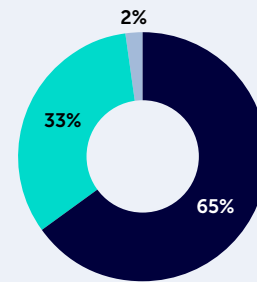
**Figure 2: SSE's taxonomy aligned activities 2023/24**

■ Taxonomy-eligible aligned  
■ Taxonomy-eligible not aligned  
■ Taxonomy-non-eligible

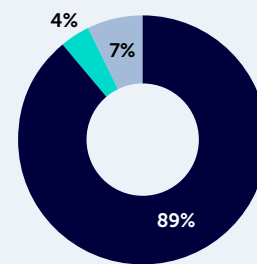
**Revenue £10,457.2m**



**Adjusted operating profit £2,426.4m**



**Adjusted investment and capital expenditure £2,476.7m**



### Engagement in action

## Informing best practice transition planning



The UK HM Treasury led Transition Plan Taskforce (TPT) is working to develop best practice guidance for private sector climate transition plans. SSE has been actively supporting this work and, because of its experience as an early adopter of climate transition planning, was invited to join the TPT Delivery Group in 2023/24.

Having previously supported the Transition Plan sandbox (testing) exercise, SSE joined three Working Groups: Electric Utility and Power Generators; Adaptation; and, Just Transition. SSE supported these Working Groups with developing topic and sector-specific guidance on transition plans.

The TPT published its Disclosure Framework in October 2023, followed by its final Sector Deep Dive Guidance in April 2024, which provides sector-specific guidance on interpreting the Disclosure Framework for seven sectors, including Electric Utility and Power Generators.

Whilst recognising the scale of the disclosures proposed by the TPT Guidance, the TPT Disclosure Framework represents the gold-standard for transition planning. SSE remains committed to best practice planning and disclosure and will review this latest guidance as part of the TPT's recommendation to update standalone transition plans on a three-yearly cycle.



## Measuring SSE’s carbon performance

Measuring and disclosing SSE’s year-on-year carbon performance and progress against targets keeps SSE accountable to its stakeholders for delivery against its Net Zero Transition Plan. Full detail of SSE’s GHG inventory can be seen in Table 2 in the Disclosure Statement on [page 106](#). Detail of SSE’s progress against specific actions in its Net Zero Transition Plan can be found in SSE’s Sustainability Report 2024, alongside information around how different elements of SSE’s strategy impact progress against carbon targets.

### Performance against science-based carbon targets

SSE’s 2023/24 progress against its SBTi-verified carbon targets is outlined in Figure 3. A strong year of performance means SSE remains on track to achieve these targets, having exceeded its supplier engagement target since 2022/23. Information around trends in SSE’s performance can be found in the following discussion across [pages 31 and 32](#).

### SSE’s scope 1 GHG intensity

The scope 1 GHG intensity of electricity generated in 2023/24 was the lowest recorded by SSE, falling by 19% to 205gCO<sub>2</sub>e/kWh, from 254gCO<sub>2</sub>e/kWh the

previous year. This represents 41% progress against SSE’s scope 1 GHG carbon intensity targets for 2030.

SSE’s intensity performance is calculated based on two elements – total generation output, comprising thermal and renewable generation source, and total scope 1 GHG emissions (99% of which is from thermal generation).

Output from SSE’s renewable generation portfolio (incl. pumped storage and biomass, and excl. constrained off wind in GB) in 2023/24 increased slightly to 10.0TWh in 2023/24, from 9.7TWh the previous year. Output for the period was driven by capacity additions during the year, principally from Seagreen offshore wind farm which reached full commercial operations in October 2023, which were partially offset by lower year-on-year wind speeds. Output from SSE’s thermal generation decreased by 22%, principally reflecting a normalisation of the market environment over the course of the year.

This meant that the proportion of total generation output contributed to by renewable generation increased to 47% in 2023/24, compared to 40% the previous year. This, coupled with a significant reduction in GHG emissions arising from thermal generation resulted in the considerable improvement in scope 1 GHG intensity performance for 2023/24.

### Absolute GHG emissions performance





In 2023/24, SSE’s total reported GHG emissions consisted of 47% scope 1 emissions, 5% scope 2 emissions and 48% from scope 3 emissions measured. Overall, SSE’s total reported GHG emissions fell by 18% between 2022/23 and 2023/24.

Figure 4 shows SSE’s changing carbon footprint over time and shows scope 1 emissions decreasing as a result of strategic intervention but is also balanced by an increase in scope 3 emissions over time. For the first year, SSE’s scope 3 emissions represented the largest portion of SSE’s total GHG emissions in 2023/24.

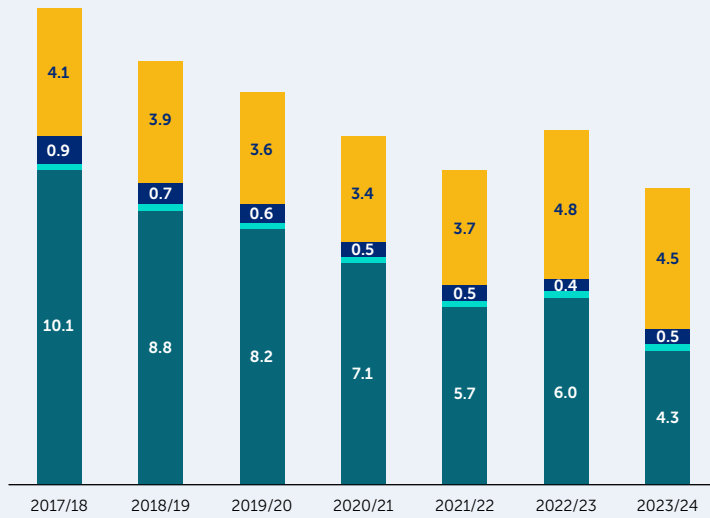
GHG emissions arising from thermal generation activities represents the single most material contribution to SSE’s total reported GHG emissions, making up 99% of SSE’s scope 1 emissions and 36% of its scope 3 emission through its joint venture investments.

The following discussion focuses on SSE’s scopes 1 and 3 emissions, as they represent 95% of SSE’s total carbon footprint. Discussion on SSE’s scope 2 emissions can be found in SSE’s Sustainability Report 2024.

**Figure 3: SSE’s performance against its science-based carbon targets**

Target	Unit	2017/18	2022/23	2023/24	Target	Progress against target				
 <b>Reduce the GHG intensity of scope 1 GHG emissions by 80% by 2030, from a 2017/18 base year</b>	gCO <sub>2</sub> e/kWh	307	254	<b>205</b>	61	<table border="1"> <tr> <td>2023/24</td> <td>2030 target</td> </tr> <tr> <td>33%</td> <td>80%</td> </tr> </table> <p>41% of targeted reduction achieved</p>	2023/24	2030 target	33%	80%
2023/24	2030 target									
33%	80%									
 <b>Reduce absolute scope 1 and 2 GHG emissions by 72.5% by 2030 from a 2017/18 base year</b>	MtCO <sub>2</sub> e	11.06	6.52	<b>4.81</b>	3.04	<table border="1"> <tr> <td>2023/24</td> <td>2030 target</td> </tr> <tr> <td>57%</td> <td>72.5%</td> </tr> </table> <p>78% of targeted reduction achieved</p>	2023/24	2030 target	57%	72.5%
2023/24	2030 target									
57%	72.5%									
 <b>Reduce absolute GHG emissions from use of products sold by 50% by 2034 from a 2017/18 base year</b>	MtCO <sub>2</sub> e	2.53	2.16	<b>2.01</b>	1.27	<table border="1"> <tr> <td>2023/24</td> <td>2034 target</td> </tr> <tr> <td>21%</td> <td>50%</td> </tr> </table> <p>41% of targeted reduction achieved</p>	2023/24	2034 target	21%	50%
2023/24	2034 target									
21%	50%									
 <b>Engage with 50% of suppliers by spend to set an SBT by 2024</b>	%	0	51	<b>51</b>	50	<table border="1"> <tr> <td>2024 target (50%)</td> <td>2023/24</td> </tr> <tr> <td></td> <td>51%</td> </tr> </table> <p>102% of target achieved</p>	2024 target (50%)	2023/24		51%
2024 target (50%)	2023/24									
	51%									

**Figure 4: SSE’s GHG emissions by scopes between 2017/18 and 2023/24** (million tonnes CO<sub>2</sub>e)



- **Scope 3:** Gas sold (Category 11), Joint Venture investments (Category 15), well-to-tank emission from raw fuels purchased 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

**SSE’s scope 1 GHG emissions**

Absolute scope 1 GHG emissions in 2023/24 was the lowest recorded by SSE. Between 2022/23 and 2023/24, GHG emissions arising from electricity generation, decreased by around 29%. This was predominantly a result of a decrease in output from SSE’s thermal generation plant by 22% compared to the previous year, as explained on [page 31](#). An additional factor was that SSE’s Tarbert oil-fired power station ceased generation before April 2023, in line with environmental licence requirements, which is a more carbon intensive generation type compared to gas-fired generation. The impact of weather, demand and availability of plant creates variation in the pathway of emissions reduction.

**SSE’s scope 3 GHG emissions**

SSE’s reported scope 3 emissions represented the largest portion of SSE’s total GHG emissions inventory in 2023/24. The largest contributors to SSE’s scope 3 GHG inventory for the year were gas sold to customers (45%) and emissions associated with Joint Venture thermal generation (36%).

SSE’s total scope 3 emissions decreased by around 7% between 2022/23 and 2023/24.

The two material contributing factors included:

- A 30% reduction in GHG emissions arising from the processing and transport of fuel used in energy generation, due to the reduction in thermal generation output over the year.
- A 7% reduction in GHG emissions arising from gas sold to customers, due to a fall in Business Energy customer accounts. For more information see the Energy Customer Solutions business operating review on [page 80 to 81](#).

With scope 3 emissions increasingly becoming a greater proportion of SSE’s GHG emission inventory as a result of the approach it is taking to deliver its strategy,

SSE is working with its Joint Venture partners to ensure each put in place their own Net Zero Transition Plans.

A decarbonised energy sector enables a net zero world and while work has been done to further understand SSE’s scope 3 emissions arising from its supply chain activities, they are set to increase while delivering crucial net zero infrastructure over the coming years. SSE is working to better understand the GHG emissions arising from purchased goods and services in order to better manage its supply chain emissions. More information can be found in SSE’s Sustainability Report 2024.

**Climate adaptation and resilience**

The physical impacts of climate change have the potential to adversely impact SSE’s operations and interrupt the supply of energy to its customers. SSE is focused on ensuring it is resilient to a changing climate by anticipating and adapting to climate-related impacts. The physical impacts of climate change are considered within SSE’s Task Force on Climate-related Disclosures (TCFD) and SSE’s network businesses have set out resilience strategies with climate adaptation actions in their price control business plans.

Over 2023/24, SSEN Distribution increased operational resource to respond to 10 named storms. Six of these took place between October 2023 and January 2024, which saw SSEN Distribution restore supply to around 257,000 affected customers over the period. See the engagement in action case study on [page 35](#) for more information.

SSE continues to implement climate risk and adaptation actions to prepare for extreme weather events, including monitoring short- and long-term weather patterns, using climate projections, crisis management and business continuity plans and investment programmes to improve infrastructure resilience.

Installation work under way at Dogger Bank A wind farm





# Providing affordable and clean energy

SSE is supporting the transition towards a net-zero energy system through the provision of clean and secure energy, ensuring this is delivered in a way that does not adversely impact reliability and affordability of energy for the end consumer.

## Delivering a cheaper, cleaner and more secure energy system

SSE is at the forefront, supporting the delivery of a power system that is dominated by clean renewable energy, flexible generation and net zero-ready grids. While SSE supports energy customers with the short-term impacts of rising energy costs, affordability in the long term remains a key focus, and its planned investment over the next decade of up to £40bn is aimed at addressing the underlying causes of high costs. Creating more low-carbon generation that can be produced at lower costs will protect energy users in the long run as well as reducing exposure to imported fossil fuels.

## Targeting an increase in renewables

One of the key ways in which SSE ensures the provision of clean and affordable energy for customers is through the generation of renewable energy. Progress was made over 2023/24 towards SSE's target to grow renewable electricity generation output fivefold between 2017/18 and 2030/31, with output increasing to 11.2TWh, compared to 10.2TWh in 2022/23 (inc. pumped storage, biomass and constrained off wind in GB). SSE Renewables continued to make progress on key flagship projects over the year and reached some important milestones. This included Scotland's largest offshore wind farm, Seagreen, becoming fully operational in October 2023, and, in

the same month, first energy being produced at Dogger Bank, which will be the world's largest offshore wind farm when complete.

SSE Renewables continues to focus on developing a strong pipeline of renewable energy projects to meet its own, as well as national, ambitions. Through the NZAP Plus investment programme, SSE Renewables is targeting an installed capacity (net) of up to 9GW of renewable generation, including battery storage, by 2027. It has a current pipeline of around 16.8GW of renewable energy projects, 2.8GW of which was in construction at 31 March 2024.

For more detail on SSE Renewables progress over 2023/24, see [pages 74 to 76](#).

## Supporting customers with the cost of energy

SSE recognises the careful balance needed between decarbonisation and the challenging circumstances that many energy customers have faced in recent years. That's why Energy Customer Solutions has continued to support its home and business customers as they deal with the lingering impact of the pandemic and energy crisis.



SSE Airtricity has been supporting customers on the Island of Ireland with the cost of energy

## SUSTAINABILITY – CONTINUED

### Supporting business customers in Great Britain

In September 2023, Energy Customer Solutions established a £15m support fund for its business customers in Great Britain. This fund helped customers who had signed up to fixed contracts at the peak of wholesale energy prices in late 2022. The fund was in addition to the continued availability of alternative contracts and payment arrangements as well as price reductions through the period.

### SSE Airtricity price reductions

Following its commitment to use all 2022/23 profit to aid customers, £7.6m (€8.6m) arising at financial year-end was redistributed to domestic customers through household credits in April 2023. Support for financially vulnerable customers continued in 2023/24 under the €25m customer support fund announced in 2023/24. A further €5m Community Fund was announced in May 2024 to help communities on their path to net zero. The business also introduced two consecutive domestic tariff reductions in Ireland and regulated tariffs were reduced in Northern Ireland. These reductions mean many customers' tariffs have been reduced by almost 20%.

### Low carbon solutions delivering better energy pathways

Along with aiding customers through turbulent energy markets, Energy Customer Solutions is equally committed to providing the solutions that help customers reduce energy consumption and their carbon footprint. This growth area had performed well in 2023/24 with Energy Customer Solutions well established as a reputable supplier of quality solutions across Great Britain and Ireland.

### Delivering smart building solutions

In Great Britain, Energy Customer Solutions continued its smart buildings growth through propositions, including asset installations and technology platforms, which save carbon, energy and money for customers. This included the delivery of advanced building controls at the Scottish Parliament buildings, which are designed to achieve an energy reduction of 10%. Energy Customer Solutions was also awarded the decarbonisation project to install heat pumps across 11 South London and Kent schools for the Harris Federation.



SSEN Distribution raises awareness around the additional support it can provide customers

### Supporting vulnerable residents through retrofit projects in Ireland

In Ireland, progressive government policies continued to stimulate strong growth in 2023/24 with Energy Customer Solutions delivering 2,700 rooftop solar installations alongside its partner Activ8, and almost 1,000 EV chargers. In addition, Energy Customer Solutions continued to be recognised by local councils for its innovative solutions, such as Dun Laoghaire Rathdown County Council, for retrofitting 100 residential units and a daycare centre with a first-of-its-kind district heating system, allowing residential units to be heated by lower capacity heat pump.

Energy Customer Solutions also continued its commitment to support home decarbonisation and delivered 500 home energy retrofits including working in partnership with Northern Ireland's Bryson Charitable Group to deliver solutions for financially vulnerable groups.

## Supporting distribution customers

SSEN Distribution works to enable the net zero transition at a local level, at the same time as ensuring customers have secure and reliable energy.

### Providing an inclusive service to network customers

SSEN Distribution's Priority Service Register (PSR) provides adapted services and additional support to customers who are in potentially vulnerable situations, and who may be particularly affected in the event of supply interruptions. People's situations change over time, so SSEN ensures that it continually raises awareness around its PSR to ensure it captures as many people in need as possible. It does this through a range of activities including running awareness campaigns, partnering with other service providers and through the dedicated website launched in early 2023, thepsr.co.uk. In 2023/24, the number of customers on SSEN Distribution's PSR was 925,349 – an increase of over 70,000 compared to the previous year.

### Vulnerable customers at the heart of strategy

In March 2024, SSEN Distribution was the first electricity network operator to enshrine the needs of its most vulnerable customers at the heart of its plans for developing the electricity networks of the future. Through the delivery of its innovation project, known as Vulnerability Future Energy Scenarios (VFES), it predicts when and where communities are less resilient, less affluent, and more seriously affected by prolonged or frequent interruptions to supply.

VFES also predicts the likelihood of customers missing out on the benefits low-carbon technologies. The level of understanding that VFES brings will help enhance plans for network investment strategies, not just in regions which will see a high uptake in low-carbon technologies, but also communities where customers rely on energy more than most and who may need more support with using low-carbon solutions.

### A refreshed Consumer Vulnerability Strategy

SSEN Distribution is acutely aware of how its business can help a society currently tackling the rising costs of living, climate change and the impacts of the net zero transition. In March 2024, it refreshed its Consumer Vulnerability Strategy to further enhance the role it plays in assisting customers who are in, or are experiencing, vulnerable situations.

The refresh includes a renewed approach to collaboration, partnerships, and innovation, meaning SSEN can do more to meet the changing needs of customers, communities, and society. SSEN Distribution's partnership framework is focused on building meaningful and strong partnerships that deliver more through collaborations. Through the use of metrics, such as Social Return on Investment (SROI) and PSR reach, SSEN Distribution is working with existing partners to maximise support and onboard new partnerships to ensure it funds initiatives where they will have the biggest impacts on customers, in the communities where the need is greatest. Its ambition is to deliver £23m in consumer benefits as a direct result of the targeted investments it will make.

### Engagement in action

## Supporting customers, no matter the weather



The increasing severity and regularity of extreme weather events can pose significant disruption to SSE's operations, particularly in its electricity distribution business which is at the forefront of responding to these impacts. Between mid-October 2023 and the end of January 2024, SSEN Distribution responded to six named storms – Babet, Ciarán, Gerrit, Henk, Isha, and Jocelyn. SSEN Distribution deploys increased operational capacity in events like these and the teams worked in challenging conditions, with a clear focus on restoring customers' electricity supplies as safely and quickly as possible. As well as restoring electricity supplies, SSEN Distribution supported affected communities by proactively contacting

vulnerable customers on the Priority Services Register, providing hot meals and handling large volumes of calls in its Customer Contact Centre.

By the end of January, SSEN Distribution's response teams had restored supply to around 257,000 affected customers, and received recognition in the UK and Scottish Parliaments for their efforts and resilience. SSE continues to implement mitigation methods it has in place to prepare for extreme weather events such as these, including monitoring short- and long-term weather patterns, crisis management and business continuity plans and investment programmes to improve infrastructure resilience.

OCTOBER 2023	NOVEMBER 2023	DECEMBER 2023
<b>Storm Babet</b> Aberdeenshire, Angus and Perthshire <b>37,000</b> customers restored	<b>Storm Ciarán</b> Central southern England <b>35,000</b> customers restored	<b>Storm Gerrit</b> North of Scotland <b>48,000</b> customers restored
JANUARY 2024		
<b>Storm Henk</b> Central southern England <b>60,000</b> customers restored	<b>Storm Isha</b> Central southern England and north of Scotland <b>70,000</b> customers restored	<b>Storm Jocelyn</b> North of Scotland <b>7,000</b> customers restored

SSEN Distribution's response teams support local communities during supply interruptions





# Investing in industry, innovation and infrastructure

SSE's significant investment in net zero infrastructure must be done in a way that fosters innovation and collaboration, and ensures social and environmental impacts are carefully managed to create lasting positive impacts in local communities.

## A strategic approach to innovation

Innovation has a central role in the delivery of SSE's strategic objectives, allowing it to accelerate the readiness of the technologies needed to support the net zero transition.

### Establishing a Group-wide approach

In early 2024, SSE established an internal cross-Group Innovation Advisory Council which sets out SSE's strategic vision and direction for innovation. While each of SSE's Business Units are supported to define their own innovation priorities and integrate new technologies, the new council serves to identify promising new technologies relevant to clean energy and acts as a forum for SSE's Business Units to share knowledge. This Group-centred approach supports the consideration of innovation in a whole energy system context, ensuring maximum benefits can be realised by the business.

### Collaboration at the core

SSE has strategic partnerships with academic institutions, designed to ensure mutual knowledge transfer between academia and industry to drive forward the energy transition. It has well-established partnerships with Imperial College London and the University of Strathclyde, in the UK, and also partners in one of Ireland's leading all-island energy research programmes, 'NexSys', hosted by University College Dublin.

In December 2023, SSE announced a new partnership with the University of Highlands and Islands (UHI), in Scotland. With the Highlands and Islands at the heart of an accelerated transition to net zero, it is important that the scale of the coming

investments benefits the region. The overall objective of the partnership is to ensure that as many of the job and economic opportunities in the Highlands and Islands as possible will benefit its people and communities, supporting environmentally sustainable economic development.

## Sustainable supply chains

SSE considers the principles of sustainable procurement as a vital tool in managing risks, maximising opportunities, assessing value and monitoring performance, while enabling stronger relationships with its supply partners.

### A Sustainable Procurement Plan

In February 2024, SSE sought to increase transparency around its commitment to sustainable procurement through the launch of its Sustainable Procurement Plan. The new Plan, which is available at [sse.com](https://www.sse.com), communicates SSE's sustainable procurement initiatives from both a Group and Business Unit perspective, and outlines its future ambitions to SSE's suppliers and other stakeholders. The plan consists of six key pillars with objectives mapped against them, as well as a goal setting plan for SSE's tier one suppliers which represent 90% of its supply chain by spend, called the 90% Club. Progress against these ambitions will be monitored annually through a range of data capture methods.

Over the course of 2023/24, SSEN Distribution published its business-specific Sustainable Supplier Code chain code and SSEN Transmission launched its new Delivery Charter, both seeking to encourage collaborative work with supply chain partners to achieve joint sustainability ambitions.

## Strategic supply chain engagement

Over 2023/24, SSE further strengthened its supply chain engagement on sustainability through partnering with EcoVadis, a well-established business sustainability ratings platform, to understand and monitor supplier performance. SSE set an ambition to have 70% of its supply chain by spend achieve a valid EcoVadis scorecard by April 2024. At 31 March 2024, 51% of its suppliers by spend had been engaged and were evaluated or undergoing an evaluation. Scorecards support strategic engagement with suppliers on targeted sustainability topics, goals, and performance. SSE's own EcoVadis performance is gold rated with a scorecard of 71, and it performs in the 95th percentile within its industry.

## Driving sustainable outcomes through SSE's businesses

SSE's Business Units are at the forefront of delivering the infrastructure needed for net zero, and work to deliver this in a sustainable way for the benefit of local communities and wider society.

### Leaving a lasting local legacy

SSEN Transmission's £20bn Pathway to 2030 programme represents the largest investment programme in the north of Scotland grid since the 1950s and is critical to meet UK and Scottish climate targets. SSEN Transmission aims to ensure this scale of investment creates lasting, meaningful benefits for the local communities in the region.

**Engagement in action****Taking a stakeholder-led approach to project development**

SSEN Transmission is undertaking significant community and stakeholder engagement to consult on plans for its Pathway to 2030 projects, seeking to address concerns raised at a local level.

In December 2023, SSEN Transmission published the results of the first round of community consultation events, confirming several stakeholder-led changes to the development of its plans which have included moving locations and preferred sites of two key substations. SSEN Transmission also held over 40 community consultation events in

February and March 2024 to allow members of the public to engage with project teams and directly influence ongoing project refinement.

As the development of SSEN Transmission's Pathway to 2030 projects progresses, ahead of planning submissions later in 2024, it will continue to take a proactive approach in seeking feedback and is committed to work constructively with all key stakeholders and local communities to maximise legacy benefits and find balanced solutions for project delivery.

As part of this work, SSEN Transmission announced in December 2023, that it will create long-term, skilled, green employment opportunities across the region with the recruitment of 400 new employees over 2024. It also announced plans to develop a housing strategy, with a commitment to deliver 200 new homes across the north of Scotland which, following completion of the projects, will support local housing requirements. Further benefits will include the establishment of a Community Benefit Fund in the north of Scotland, which is expected to be worth in excess of £100m over its lifetime subject to UK Government guidance, and money off bills for those located closest to new infrastructure.

These initiatives, alongside placing multi-million-pound contracts with local supply chain partners, will create billions of economic value for Scotland.

**Delivering world firsts in partnership at Dogger Bank**

In October 2023, the world's largest offshore wind farm under construction, Dogger Bank, started producing electricity for the first time. Situated 130km off the coast of Yorkshire, Dogger Bank is a joint venture between SSE Renewables (40%), Equinor (40%) and Vårgrønn (20%). SSE is the lead operator for the development and construction for the 3.6GW wind farm, which is being constructed in three 1.2GW phases known as Dogger Bank A, B and C.

First power followed the installation of the first of GE Vernova's Haliade-X 13MW turbines in June 2023, one of the largest and most powerful globally. This is the first time Haliade-X units have been energised offshore anywhere in the world. Each rotation of the 107m long blades on Dogger Bank's first operational turbine can produce enough clean energy to power an average British home for two days. Installation of the turbine was undertaken by the largest offshore jack-up installation vessel ever

built, called Voltaire, which is also the first seagoing installation vessel to be an Ultra-Low Emission vessel.

The development also involves the installation of the world's first unmanned High Voltage Direct Current (HVDC) offshore substations, the first of which was installed in April 2023.

**Principles for sustainable biofuel use**

SSE Thermal's Tarbert site in County Kerry has a proud history of power generation. With the former oil-fired station closing at the end of 2023 due to environmental requirements, SSE's focus is now on repurposing the site for a net zero future.

Over 2023/24, plans were progressed for a new 350MW Open Cycle Gas Turbine (OCGT) at Tarbert which would run on 100% sustainable biofuels, specifically Hydrotreated Vegetable Oil (HVO). With the potential to convert to hydrogen in the future, Tarbert Next Generation Power Station can support both short-term security of supply needs and long-term decarbonisation efforts.

HVO has a lower greenhouse gas emissions profile across its lifetime when compared to alternatives such as diesel or natural gas combustion. To ensure the HVO sourced is sustainable, SSE has established a set of standards which requires the HVO to:

- be sourced from 100% waste feedstocks, the raw materials for which are grown on a seasonal basis so there is no long-term 'carbon debt';
- be certified to both International Sustainability and Carbon Certification and Renewables Fuel Assurance Scheme as well as meeting the EU's RED II sustainability requirements.

SSE Thermal will source HVO from one of the multiple suppliers in Ireland certified in line with RED II. Due diligence will be conducted in accordance with SSE's Human Rights and Modern Slavery statement and policy.

**Enabling net zero at the local level**

Local electricity networks are key in the transition to net zero and SSE has been supporting local authorities to identify the changes and resources needed to achieve net zero at a community level. In October 2023, SSE Distribution launched its innovative Local Energy Net Zero Accelerator (LENZA) tool, designed to help local councils accelerate the development of holistic and efficient local area energy plans.

The LENZA tool shows live capacity on the network and predicted constraints, allowing local authorities to make better decisions on where to put new energy assets or roll out low-carbon programmes. This enables these technologies to be sited in cost-effective locations in places for the benefit of all people in local communities. SSE Distribution has onboarded the first group of five local authorities to the tool, which is now available to all local authorities across SSE's licence areas, and will be deployed on a staged basis.



# Committed to decent work and economic growth

SSE is embedded in the communities and places in which it operates. Through the operation of long-term assets and the delivery of new investment, it works to create and share enduring value with communities and wider society.

## Powering a just transition

SSE deliberately seeks to manage the social impacts of the transition to net zero in a way that is fair to working people, communities and consumers. It is guided by its Just Transition Strategy – a framework of principles designed to guide SSE’s decisions and actions as it transitions from high-carbon activity to net zero.

### A strategic approach to a just transition

SSE’s Just Transition Strategy is based on 20 principles that sit under five key themes: good green jobs, consumer fairness, building and operating new assets, looking after people in high-carbon jobs and supporting communities. The principles are deliberately comprehensive, taking a whole-system perspective of the impact of the net zero transition, to ensure the best possible outcomes for all stakeholders.

SSE’s approach is to ensure that the practical, real-world action it takes is informed by research and learnings, creating meaningful impacts. It does this through observations from its own experience and activities, as well as through external partnerships and collaborations.

### A targeted worker transition

Three years of targeted research is giving SSE important insight into the nature of the worker transition already under way. The most recent all employee survey in September 2023, shows that just over 1 in 4 employees had already transitioned from a high-carbon role to a low-carbon career with SSE, up from 1 in 5 in 2021. Analysis of SSE’s new recruits in 2023/24 identified that 35% are former high-carbon workers overall. SSE Renewables and SSEN Transmission are the most popular destination for former high-carbon workers which combined account for over 1,000 such employees. The survey also showed that they are more engaged than other employees, particularly with SSE’s net zero strategy, and have a strong focus on health and safety, which is a number one priority for SSE.

**> 1 in 4**  
employees have transitioned from high-carbon roles to a low-carbon career with SSE

This internal research builds on further activity SSE commissioned from the University of Edinburgh in 2023/24. The research specifically looked at sunset (decline) and sunrise (growth) industries over time, the skills make up of these workers and identifying overlaps with the energy industry, exploring opportunities for ensuring that the transition from sunset and competition with sunrise industries is managed in a just and sustainable way.

**35%**

of new recruits are former high-carbon workers

The report findings include outlining possible risks of an unjust transition and highlighting opportunities to reskill and attract new recruits into SSE. SSE will use the key findings to inform more targeted future recruitment and workforce strategies, as well as in developing a better understanding of the external landscape which will inform SSE’s wider work around the just transition.

### A strategy aligned to best practice

The importance of carefully managing the social consequences of net zero and the consideration of a just transition is increasingly becoming mainstream. SSE deliberately seeks to participate in shared learnings and, in February 2024, it supported the Grantham Research Institute Just Transition Finance Lab.

A key point noted by investors is the importance of using indicators and metrics to measure progress against strategies. As a result, a review of the SSE’s Just Transition Principles is under way, with the objective of identifying a basket of key performance Indicators to support stakeholder engagement on SSE’s performance in meeting its just transition objectives.



## SSE's economic contribution in the UK and Ireland 2023/24

### Ireland

#### Contribution to GDP

**€1.06bn**

(2022/23: €429m)

#### Jobs supported

**3,270**

(2022/23: 2,430)

#### Taxes paid

**€68.0m**

(2022/23: €53.8m)

#### Investment in communities

**€0.9m**

(2022/23: €4.0m)



### UK

#### Contribution to GDP

**£5.96bn**

(2022/23: £6.04bn)

#### Jobs supported

**53,230**

(2022/23: 39,940)

#### Taxes paid

**£679.2m**

(2022/23: £502m)

#### Investment in communities

**£11.5m**

(2022/23: £13.3m)

### Contributing to regional just transition discussions

SSE has considerable practical experience of the just transition, with valuable industry and region-specific insight. In November 2023, SSE was invited to provide oral evidence to the Scottish Parliament Economy and Fair Work Committee for its inquiry into a just transition to net zero in the North East and Moray regions of Scotland. The oil and gas sector is a large employer across these regions and the inquiry seeks to explore how, as the country transitions to net zero and the industry transforms, good outcomes are achieved for these workers and companies.

One of the themes covered in the session focused on the skills transformation required for the transition, and how existing local workforce skills can be harnessed and developed. It also considered the advantage the region has in renewable technologies and how a wider renewables supply chain can be built to facilitate a just transition.

SSE welcomed the final report published in March 2024, which provided a range of recommendations to the Scottish Government around how policies and workstreams could better support a just transition.

### Creating social and economic value

Through its activities SSE works to ensure it shares value with society by generating economic value, contributing to the public purse and creating lasting benefits for local communities.

#### Creating economic value and jobs

Since 2012, SSE has commissioned an independent assessment each year to estimate the value it contributes through GDP and the jobs it supports across the UK and Irish economies. Over 2023/24, SSE contributed an estimated £5.96bn to UK and €1.06bn to Irish GDP, compared to £6.04bn and €429m respectively in 2022/23 (not adjusted for current prices). In the same period, jobs supported in these countries increased by around 33%, to 56,500 from 42,370 the previous year, largely as a result of increased supply chain activity.

More detail on SSE's contribution to GDP and jobs supported in 2023/24 and discussion around trends can be found in SSE's Sustainability Report 2024. The Sustainability Report and all of SSE's economic contribution reports can be found at [sse.com/sustainability](https://sse.com/sustainability).

### Paying it back: the importance of tax

With fair tax the cornerstone of SSE's approach to sharing value, 2024 will mark the 10th anniversary since SSE was first accredited as a Fair Tax Mark company representing SSE's enduring commitment to paying its fair share of tax, at home and abroad. This was reinforced by SSE's move to the Fair Tax Foundation's Global Multinational Business Standard in 2022/23.

Over 2023/24, SSE's total tax contribution was £1.47bn, consisting of £739m taxes paid (including £375m in profit taxes) and £727m taxes collected. Further information on SSE's taxes can be found on [pages 231 to 233](#) of this report, and in the Sustainability Report 2024.


In November 2023, SSE published its eighth Talking Tax Report, disclosing SSE's tax affairs in a simple, transparent, and understandable way for its stakeholders. SSE's Talking Tax reports can be found at [sse.com/sustainability](https://sse.com/sustainability).

## SUSTAINABILITY – CONTINUED

### Long-term investment in local communities

One of the most direct ways SSE shares value is through the year-on-year investment in the communities that host many of its assets. During 2023/24, SSE invested a total of £12.2m in communities across the UK and Ireland. The largest contributor to this was £10.3m awarded through SSE Renewables Community Investment Funds in the UK and Ireland.

In 2023/24, SSE achieved important milestones in its community investment, including:

- Marking a decade of its first-of-a-kind regional Community Investment Fund, the Sustainable Development Fund, which has awarded £13.5m since its creation.
- The launch of SSEN Transmission's first Community Benefit Fund for communities in the north of Scotland, which is expected to be worth in excess of £100m over its lifetime (see more on [page 37](#) .


SSE recognises that this investment must be done in a responsible way that supports community cohesion and creates lasting legacies. SSE's Group-wide community investments adhere to a consistent set of principles based on transparency, co-creation, maximising impact, and good governance. More detailed disclosure on SSE's community investment can be found in SSE's Sustainability Report 2024.

### Reinforcing a healthy business culture

SSE works hard embedding its healthy workplace culture where all employees are treated with fairness and respect.

#### Doing the right thing

SSE's healthy ethical business culture is inextricably linked to its six core values. Called the SSE SET – Safety, Service, Efficiency, Sustainability, Excellence and Teamwork – they are the behaviours expected of all those who work for, and on behalf of SSE.

To help embed the standards that promote better outcomes, SSE's employees are guided by its Doing the right thing guide to good business ethics. The guide applies to direct employees and those that work on SSE's behalf, and covers a wide range of topics from staying safe and secure, trading fairly and transparently to working together and engaging with stakeholders. It is available publicly at [sse.com/about-us/our-culture](https://sse.com/about-us/our-culture)  and is promoted to all employees as well as being highlighted to suppliers in SSE's Sustainable Procurement Code.

### Engagement in action


#### Resetting the SSE SET

SSE has six well-established core values, but in a changing environment it is important that they continue to inspire the behaviours expected. This is particularly important for SSE as a growing business with an evolving employee base. Focus groups hosted by the Institute of Business Ethics (IBE) tested the relevance of the SSE SET with colleagues from across all levels of the Company. As SSE's number one value, Safety was excluded as it was considered an area of unwavering focus. Results were clear that the values still resonate with colleagues but the underlying descriptors could focus more on SSE's innovative and inclusive

approach, better reflecting its ethical ways of working. SSE received positive feedback from IBE for the fact that all colleagues who took part could easily articulate what their team did and outline how it connected back to SSE's purpose, values and doing the right thing.

The new, simpler wording, endorsed by the Board, makes it clear to everyone what is expected no matter their role. The SSE SET descriptions were launched over the course of a week in November 2023 which focused on key topics associated with doing the right thing, which saw around 6,750 colleagues joining the series of employee calls held.




SSE has a suite of mandatory ethics and compliance training including annual modules on cyber security, data protection, inclusion and diversity, as well as bribery and anti-corruption which all employees must complete biennially. Additional modules on competition law, business separation and REMIT are required for selected employees. A review of cultural metrics is undertaken twice annually by the Board supported by a cultural dashboard (see [page 127](#) .

#### Supporting employees to speak up

The foundation of a healthy business culture is one where everyone feels confident to report any concerns of wrongdoing without fear of repercussion, and where issues identified are dealt with quickly and appropriately. Those who work for or on behalf of SSE are encouraged to speak up and are protected from any adverse impact of doing so. In addition to internal reporting channels, SSE has an independent whistleblowing channel, hosted by Safecall, with the option to report anonymously.

The number of reports of suspected wrongdoing has increased in 2023/24, with 73 reports made through SSE's speak up channels, compared to 50 the previous year. This increase is partly a result of a concerted effort to make the reporting process more simple and accessible, and is to be expected with a growing employee population. Recognising the detrimental impact of an investigation on all parties involved, a further focus over 2023/24 year was limiting the duration of the investigation period to a maximum of 45 days.

Detailed information around the categories of reported incidents and the outcomes of investigations, alongside how SSE supports employees who have spoken up, can be found in SSE's Sustainability Report 2024, available at [sse.com/sustainability](https://sse.com/sustainability) .

#### Valuing employee voice

A key way to measure how healthy a business culture is, is through listening to employee feedback. Through this, SSE can take appropriate action to improve employee experience where possible. SSE undertakes an in-depth all employee survey every two years and a shorter 'pulse' survey on alternate years. 88% of employees provided feedback in the 2023 in-depth survey, SSE's highest response rate in recent years. The engagement score increased to 85% from 84% in last year's pulse survey.

Three core themes were identified from the 2023 survey: Strategic engagement, Cultural engagement and Ways of working. SSE's Business units are developing action plans, based on local results, to prioritise enhanced engagement across these areas.

### SSE's 2023 employee engagement results

#### Sustainable Engagement Score

# 85%

(2022/23: 84%)

## Looking after safety and wellbeing

Safety and wellbeing is at the heart of SSE's culture and is ingrained in the way it does business. Safety is SSE's number one Company value, with the objective that "everyone gets home safe".

### Monitoring health and safety performance

Everyone at SSE operates to the licence "If it's not safe, we don't do it". That focus is all the keener following the tragic fatality of Richard Ellis, one of SSE's contractors' employees who died in an offsite incident.

SSE's performance expectation for 2023/24 was set as a Total Recordable Injury Rate (TRIR) of 0.11 for SSE employees, and 0.31 for contractors. SSE's TRIR for employees exceeded the performance expectation, with a marked improvement as it fell to 0.07 from 0.10 in 2022/23.

SSE's contractor TRIR performance fell well short of this performance expectation and the high standards SSE seeks to uphold. The TRIR for contract partners increased to 0.41 from 0.34 in 2022/23. This reflects a significant increase in investment and construction activity, and the associated rise in contract partner hours worked. Whilst the outturn highlights an increase in Contractor TRIR, the severity of injuries has reduced, namely a reduction of 11% in contractor RIDDOR Reportable incidents\*.

Taking into account performance in 2023/24 and the expected trend in operational and construction activity, SSE has set a TRIR performance expectation for 2024/25 of 0.09 for direct employees, and 0.40 for contractors. Considering the increased activities and workload within all Business Units, this will be a challenging task but is believed to be achievable.

### Focusing on contractor safety

SSE recognises that the increase in investment and construction required to achieve its business goals results in the associated increase in contractor hours worked in activities that often have a higher risk profile than day-to-day operational activities. In response to this, in 2022/23, SSE formed a new central Contractor Safety Team supported by dedicated Contractor SHE Managers and Assurance Auditors to focus on contractor safety performance. SSE benefits from relationships with professional contract partner organisations to support its operations and projects. Building on these relationships to set high standards on Safety, Health and Environment has been a key focus over 2023/24. SSE is working to ensure it gets everyone home safe as it embarks on an increased level and pace of project activity.

**Table 1: Total Recordable Injury Rates for SSE's employees and contract partners**

	Unit	2023/24	2022/23
Total Recordable Injury Rate – employees and contractors	Per 100,000 hours worked	0.20	0.19
Total Recordable Injury Rate – employees	Per 100,000 hours worked	0.07	0.10
Total Recordable Injury Rate – contract partners	Per 100,000 hours worked	0.41	0.34

## Tracking attitudes to safety and wellbeing

Where I work, we make it easy for people to do the right thing on safety, health and environment

**94%**  
(2022/23: 94%)

I am able to balance my work and my personal responsibilities

**87%**  
(2022/23: 85%)

Over the course of 2023/24, a core focus of the Contractor Safety Team was on large capital projects, which is an area where most of SSE's capital and construction activity is taking place. This focus has brought about continued improvement across large capital projects with a reduction in severity of incidents recorded. In November 2023, SSE also held its first Safer Together contractor event, attended by over 130 contractor partners, to talk about how it can collaborate more with contractors on safety.

Throughout 2024/2025, SSE will update its SHE Specification to help standardise how it works with partners, introduce a performance measurement platform and continue the positive collaboration.

More information on SSE's approach to governing health and safety is provided in the Safety, Sustainability, Health and Environment Advisory Committee Report on [pages 154 to 157](#).

### An immersive training experience

Over 2023/23, SSE has been rolling out an immersive training experience to help colleagues and partners gain a deeper level of emotional connection when something goes wrong. This multimillion-pound programme included building SSE's own centre, the Faskally Safety Leadership Training Centre in Perth, a first of its kind for Scotland. At 31 March 2024, around 1,700 employees and contract partners had been trained and, with the launch of SSE's own new facility in April 2024, over 39,000 employees and contract partners will experience this immersive training over the next three years.

### Engagement in action

## Supporting workers in construction

In November 2023, SSE partnered with the Lighthouse Construction Industry Charity (LCIC), which is the only charity solely dedicated to the emotional, physical and financial wellbeing of construction workers and their families. Support provided includes a 24/7 Construction Industry Helpline which offers a range of free and confidential wellbeing support services. This is complemented by a free app and online portal which offer expert guidance on a variety of wellbeing issues. Workers and their families can also access LCIC's Wellbeing Academy which covers a variety of courses supporting industry workers, from soft skills training through to Mental Health First Aider accredited qualifications.

SSE's activities are highly focused on the construction and delivery of low-carbon infrastructure assets, and its ambitious NZAP Plus investment plan will mean this increasing over the coming years. Through its partnership with the LCIC, all of SSE's employees, contractor partners and their families, will have access to essential physical and mental wellbeing support, free of charge.



\* As classified in the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR).

## SUSTAINABILITY – CONTINUED

Projects like SSE's Viking wind farm are providing quality, low-carbon jobs



### Fair and decent work for all

Providing good and meaningful employment should be a minimum commitment for any employer and is a priority for SSE. At the cornerstone of this commitment is a fundamental respect for human rights and fair remuneration for those working on SSE's behalf.

#### Paying it fair

In September 2023, SSE celebrated 10 years of being a real Living Wage accredited employer in the UK. Since first being accredited in 2013, SSE has continuously strengthened its commitment to the living wage over the decade.

Recognising that a living income requires regularity and certainty of work, SSE was one of the first companies in the UK to become a Living Hours employer. In November 2023, SSE built on its commitment by becoming a Living

Pensions accredited employer, which seeks to provide stability and security for workers now and in the future.

Furthering its commitment to fair reward, in March 2023, SSE announced an enhanced approach to its Personal Contract Pay for employees in the UK and Ireland. The new approach ensures faster progression through salary bands and faster progression for high performers. More information can be found in SSE's Sustainability Report 2024, available at [sse.com/sustainability](https://sse.com/sustainability).

#### Respecting fundamental human rights

Human rights abuses and modern slavery in all its forms are unacceptable to SSE. SSE is fully committed to upholding key international frameworks around fundamental human rights, which are set out in SSE's Group Human Rights Policy, available at [sse.com](https://sse.com).

Everyone in SSE has the fundamental right to freedom of association and to join a trade union. SSE has four recognised trade union partners which it works with through the Joint Negotiating and Consultative Committee and through regular ongoing dialogue. In 2023/24, 47.6% of SSE's total direct workforce was covered by collective bargaining agreements.

## Investing in a workforce for net zero

SSE seeks to provide attractive employment opportunities with meaningful, long-term careers. SSE's recruitment strategy seeks to bring new talent into the organisation, at the same time as investing in the development of its existing workforce.

### A growing workforce

Over 2023/24, SSE continued with its commitment to create at least 1,000 jobs every year until 2025 to meet the demands of its growing Business Units. A total of 4,381 positions were filled across internal and external recruitment and SSE's overall headcount increased by 1,711 at 31 March 2024, representing a 14% rise compared to the previous year. Headcount growth was seen across all of SSE's Business Units but most notably in its transmission and renewables businesses.

SSE's headcount includes 131 employees in locations outside the UK and Ireland. The data excludes 1,089 employees related to the reacquisition of Enerveo (formerly SSE Contracting) in March 2024.

In 2023/24, SSE's employee retention rate improved slightly to 91.3%, whilst its voluntary turnover rate was 5.5%, compared to 7.0% in 2022/23. This continues the trend of a return to pre-pandemic labour market conditions. SSE's retention and turnover rates also reflect the results of the 2023 all employee survey, in which scores for overall employee engagement and for reward and retention themes were higher than both the Energy and Utilities and UK national averages.

### Developing SSE's talent

Over 2023/24, SSE invested a total of £32.0m in learning and development and pipeline programmes, compared to £23.3m the previous year. This rise was largely due to increased investment in SSE's pipeline programmes, the vast majority of which was due to a significant increase in investment in SSE's graduate programme.

### Advancing pipeline programmes

In 2023/24, the number of people on one of SSE's pipeline programmes increased by 36% compared to the previous year. This consisted of 345 apprentices, 322 graduates, along with 76 trainee engineers and 26 individuals on an employability programme.

SSE's graduate programme has grown considerably in recent years, and in 2023/24 a strategic refresh was undertaken to ensure it fully met the needs of the graduates and SSE's business. More information can be found in SSE's Sustainability Report 2024 available at [sse.com/sustainability](https://sse.com/sustainability).

### Enabling the best performance

Since April 2022, SSE has made significant investment and focused efforts on enabling the best performance of its people and retaining its top talent. In August 2023, as part of this commitment, SSE introduced Performance Edge – an evolved approach to leading and managing performance. Performance Edge is designed to equip employees to focus on the delivery of SSE's strategic priorities through agile conversations and continuous learning, feedback, and coaching.

### Investing in a skilled workforce 2023/24



Investment in learning, training and development

**£12.5m**

(2022/23: £10.4m)



Investment in pipeline programmes

**£19.5m**

(2022/23: £12.8m)



Total number of people on a pipeline programme

**769**

(2022/23: 564)



Cumulative total investment in Performance Edge

**£1.9m**

(2022/23: £0.8m)



Average training hours per full-time equivalent employee

**21.1**

(2022/23: 19.8)

### SSE's workforce 2023/24\*

Total headcount at 31 March

**13,891**

(2022/23: 12,180)

Positions filled (internal and external recruitment)

**4,381**

(2022/23: 4,401)

Employees joining SSE

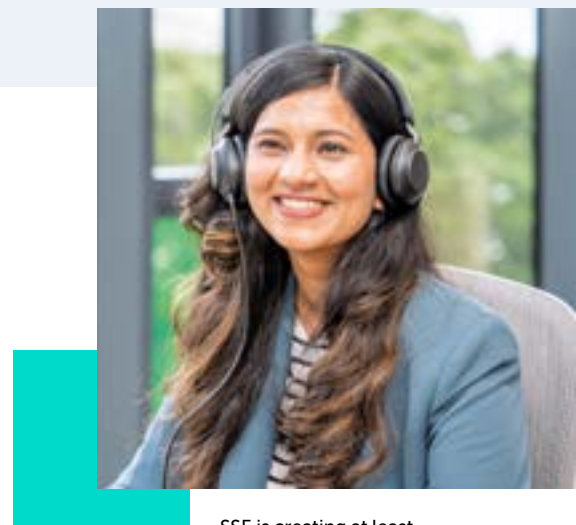
**3,286**

(2022/23: 3,226)

Retention rate

**91.3%**

(2022/23: 89.5%)



SSE is creating at least 1,000 jobs a year until 2025

\* Employee statistics exclude information for 1,089 employees related to the reacquisition of Enerveo (formerly SSE Contracting) in March 2024.

SUSTAINABILITY – CONTINUED

## Driving inclusion and diversity

To deliver SSE’s ambitious investment plans, a workforce with diversity of thought, experience, and skills is required. SSE’s Inclusion and Diversity Strategy includes a range of targeted initiatives, designed to embed a culture of inclusion with rich diversity as a result.

### Measuring inclusion and diversity progress

To enable positive progress, SSE sets stretching and measurable ambitions that align with best practice and monitors progress against them. SSE’s diversity ambitions for all employees and senior leadership are outlined in Tables 2 and 3 respectively.

### SSE’s workforce diversity

Through concerted efforts, SSE has significantly increased the proportion of employees disclosing their diversity data, so it can better understand its workforce. Over 2023/24, the employee diversity data disclosure rate increased from 39% in 2022/23 to 65%. This allows SSE to disclose more accurate information around its workforce diversity.

SSE has a wide range of initiatives to drive progress for representation across all diversity categories. Information on these initiatives, alongside actions taken to improve the quality of diversity data gathered, can be found in its Inclusion and Diversity Report 2024.

**Table 2: SSE’s progress against diversity ambitions for all employees\***

Employee representation	Ambition Year	Ambition	31 March 2024	31 March 2023
Women	2030	33%	31.0% (9,586 men/ 4,305 women)	30.0% (8,525 men/ 3,655 women)
Employees with a disability	2030	8%	11.6%	8.9%
Ethnic minority	2030	15%	10.1%	8.1%
LGBTQIA+	2030	8%	4.1%	3.8%

\* Data is collected on SSE’s HR data reporting system. Gender has a 100% completion rate, and is based on biological sex. Disability, ethnic minority, and LGBTQIA+ data is voluntarily disclosed by employees, with a 65% disclosure rate at 31 March 2024 and a 39% disclosure rate at 31 March 2023. Data excludes those without facility to share data electronically.

## SSE’s Inclusion and Diversity Report 2024

Information around SSE’s Inclusion and Diversity Strategy, and further detail around initiatives and performance can be found in SSE’s Inclusion and Diversity Report 2024, available at [sse.com/sustainability](https://sse.com/sustainability).



## Employee sentiment on inclusion and diversity

I can be myself at work without worrying about how I will be accepted by colleagues

**89%**

(2022/23: 91%)



Apprentices get to grips with safety procedures at SSE’s Perth Training Centre

**Table 3: SSE's progress against senior leadership diversity ambitions**

Diversity category	Ambition Year	Ambition	31 March 2024	31 March 2023
<b>Proportion of women represented on:</b>				
Board Group	Ongoing	50% with no less than 40%	41.7% (7 men/5 women)	46.2% (7 men/6 women)
Group Executive Committee (GEC) <sup>1</sup>			10.0% (9 men/1 women)	27.0% (8 men/3 women)
GEC <sup>1</sup> and direct reports (excl. administrative roles)	2025	40%	37.5% (50 men/30 women)	34.1% (54 men/28 women)
Leadership Group <sup>2</sup>	2030	40%	26.4% (948 men/340 women)	25.2% (812 men/274 women)
<b>Proportion of ethnic minorities represented on:</b>				
GEC <sup>1</sup> and direct reports (excl. administrative roles)	2027	6%	2.5% <sup>3</sup>	–

1 The GEC comprises all committee members and the committee secretary. The data reflects Catherine Raw stepping down from the GEC in January 2024 prior to her leaving SSE in April 2024. Finlay McCutcheon succeeds Catherine in the role of Managing Director, SSE Thermal and will join the GEC in September 2024.

2 Employees in SSE's senior level pay grades.

3 Based on an 88% disclosure rate at 31 March 2024.

### Diversity in senior leadership

SSE's senior leadership gender diversity ambitions are outlined in Table 3. Senior leadership gender ambitions are set in line with the FTSE Women Leaders Review. In 2023, SSE established a new ambition to achieve 6% ethnic minority representation within its Group Executive Committee and direct reports by 2027. This new ethnicity target was set in line with the Parker Review recommendations. All senior leadership diversity ambitions are approved by the Group Executive Committee (GEC) and Board-level Nomination Committee.

When working towards ethnicity targets for senior leadership, all companies will have different starting points, and SSE believes that disclosing the baseline performance as well as the ambition is important to allow stakeholders to understand the specific context for different companies. When setting the target in December 2023, the representation of ethnic minorities in the GEC and direct reports was 1.2% (based on an 80% disclosure rate). This base line performance, combined with industry and geographical averages were all taken into account when setting the new ethnicity target. At 31 March 2024, representation of ethnic minorities had increased to 2.5% (based on an 88% disclosure rate).

In 2023/24, the Group Executive Committee and direct reports and SSE's Leadership Group saw increases in the proportion of women represented while there was a decline in the proportion of women represented on its Board and GEC. Changes in Board diversity reflect the stepping down of Sue Bruce after nine years tenure and is in line with the planned Board changes set out in the Annual Report 2023.

Full details of changes across membership of the Board and GEC, alongside the Nomination Committee focus are set out on [pages 120 and 138 to 143](#).

### SSE's gender pay gap

Between 2023 and 2024, SSE saw a positive trend in both its UK median and mean gender pay gap performance. SSE saw a drop of 3.3 percentage points in its median UK gender pay gap, which is the measure that SSE believes best reflects performance. This is the largest proportional drop in SSE's median UK gender pay gap since 2020, when SSE's workforce composition significantly changed after the sale of its domestic retail business in GB.

This reduction can be partly attributed to the impact of a targeted recruitment strategy and practice, through which SSE saw the ratio of women hired into senior level roles increase compared to the previous year. The gender pay gap for these senior level joiners was markedly lower than the gender pay gap for existing employees at the same level, and this has helped drive the overall gap downwards.

Further detail and discussion on SSE's gender pay gap statistics, including additional data, analysis, and disclosure of the wide range of actions taken to reduce the pay gap, is provided in SSE's Inclusion and Diversity Report 2024, available at [sse.com/sustainability](https://www.sse.com/sustainability). SSE will publish its Ireland Gender Pay Gap Report 2024 later in the year, in line with the Irish Government requirements.

### SSE's UK gender pay gap performance 2024\*

#### UK median gender pay gap

**12.0%**

(2023: 15.3%)

#### UK mean gender pay gap

**10.5%**

(2023: 12.1%)

\* Data at 5 April in each year.

# Protecting and restoring the natural environment

Nature plays an integral role in the transition to net zero. SSE carefully manages the interactions it has with the environment, aiming to mitigate any negative environmental consequences of its activities and ultimately to have a positive overall impact.

## A strategic approach to environmental protection

The nature of SSE's activities means it has significant interactions with some of the most rich and remote environments in the UK and Ireland. SSE's Environment Strategy provides the framework to manage its environmental impacts. Underpinned by robust environmental management and governance, the strategy has two additional pillars focused on responsible consumption and production and the natural environment, aligned to three UN Sustainable Development Goals (SDGs) focused on the environment. The strategy is underpinned by an ethos of compliance and ensures that SSE is held accountable to its stakeholders for performance. Due to the varied nature of operations and geographical locations, SSE's Business Units oversee their own tailored approaches to protecting and enhancing the natural environment, to support Group strategy.

## SSE's Environment Strategy

### Environmental management and governance

Providing a framework for the careful risk management of environmental impacts

### Responsible consumption and production

Working towards more sustainable patterns of resource consumption; reducing reliance on nonrenewable and single use products



### Natural environment

Supporting the conservation, restoration and sustainable use of land and water resources





## SSE's environmental performance

To ensure effective environmental management, SSE operates an environmental management system which sets controls, processes and procedures. All of SSE's businesses are now certified to ISO14001.

The number of environmental incidents in 2023/24, increased by 31% compared to the previous year, see Table 4. There were no major incidents, and the majority of incidents are minor, with an increased awareness of environmental issues helping to drive focus and action. The key serious incident areas included SF<sub>6</sub> leaks, oil related leaks, fluid filled cable leaks, and silt releases. A deep dive into these incident areas has been endorsed, see the Safety, Sustainability Health and Environment Advisory Committee Report on [page 154](#). The number of environmental permit breaches as a result of SSE's activities totalled 19, compared to nine incidents in 2023/24, all self-reported and dealt with quickly when identified.

## SSE's nature-related targets

SSE targets no 'net loss' in biodiversity on onshore large capital projects consented from 2023 and 'net gain' in biodiversity on those consented from 2025 onwards.

In 2023/24, SSE assessed that 33 of its onshore large capital projects consented from 1 April 2023 fell into the scope of this target. It has been assessed that all of these projects meet or exceed the target, with two having no net loss measures and 31 having biodiversity net gain measures included in the project design. More detail on progress against this target is outlined in SSE's Sustainability Report 2024 available at [sse.com/sustainability](https://sse.com/sustainability).

In early 2024, SSE set a new commitment for woodland conservation, that all onshore large capital projects consented from 1 April 2024 onwards will achieve no net loss of native woodland.

For all onshore large capital projects, SSE has committed to delivering:



**no 'net loss' in biodiversity**

on those consented from 2023 onwards



**'net gain' in biodiversity**

on those consented from 2025 onwards

**Table 4: SSE's environmental incident performance**

	2023/24	2022/23
Number of major incidents	0	1
Number of serious incidents	40	31
Number of minor incidents	103	77
Environmental prosecutions and civil penalties	0	0
Permit/Licence breach	19	9



SSE's efforts to protect the natural environment stretch back to the earliest days of hydro

## Aligning to nature-related disclosure frameworks

Over 2023/24, SSE took initial steps towards aligning nature-related disclosures to the Taskforce on Nature-related Financial Disclosures (TNFD) recommendations. In early 2024, it worked with third-party specialists to identify SSE’s most material nature-related impacts and dependencies at a Group-level, and map SSE’s key assets and their proximity to relevant ecosystems or specified nature-related locations. This work represents the ‘Locate’ and ‘Evaluate’ phases of TNFD’s Locate, Evaluate, Assess and Prepare (LEAP) framework, paving the way for a longer-term approach to identifying SSE’s most material nature-related risks and opportunities. Further detail on this work can be found in SSE’s Sustainability Report 2024 available at [sse.com/sustainability](https://sse.com/sustainability).

## Responsible resource use

Embedding sustainable patterns of resource consumption, underpinned by circular economy principles is a key strategic environmental objective.

### Managing water use

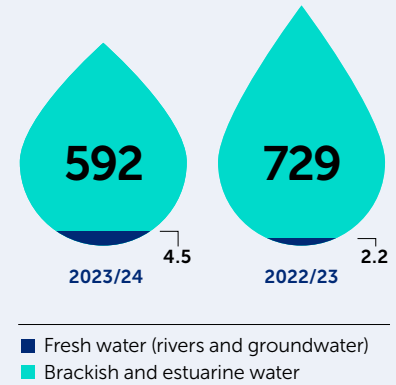
SSE recognises that water resources and climate are inextricably linked. Water plays a significant role in SSE’s operations, being used primarily as a source for power generation in hydroelectric generators and as a coolant in thermal power stations.

SSE has policies and processes in place, and works closely with environmental regulators, to ensure that it uses water in a sustainable way in its operations. None of SSE’s thermal or hydro generation assets impact on water stressed areas, as defined by the relevant environmental regulators in the jurisdictions in which they operate.

In 2023/24, total water abstracted by SSE slightly decreased to 23,135 million m<sup>3</sup> from 23,354 million m<sup>3</sup> the previous year. The vast majority (97%) of water abstracted in 2023/24 was used in SSE’s hydro generation operations, and a similar volume of water passed through the hydro plant compared to the previous year. This water is technically recorded as abstracted, but it passes through turbines to generate electricity and is returned to the environment almost immediately, and therefore has minimal environmental impact.

SSE’s total water abstracted excluding hydro operations decreased by 18% between 2022/23 and 2023/24, mainly as a result of a 22% reduction in thermal generation output. While water abstracted reduced, water consumed increased by 71% over the same period. This is due to a higher proportion of generation output from thermal power stations that use cooling towers, which recirculate water. While these power stations are more efficient and abstract less water than plant that uses once-through cooling systems, they consume more water due to evaporative losses as part of the cooling process.

**Figure 6: Total water abstracted by SSE (excluding hydro generation) (million m<sup>3</sup>)**



**Table 5: SSE’s water data**

	Unit	2023/24	2022/23
Total water abstracted	Million m <sup>3</sup>	23,135 <sup>(a)</sup>	23,354 <sup>(b)</sup>
Total water abstracted (exc. hydro generation)	Million m <sup>3</sup>	597	731
Freshwater abstracted (rivers and groundwater) (exc. hydro generation)	Million m <sup>3</sup>	4.5	2.2
Total water returned	Million m <sup>3</sup>	23,133 <sup>(a)</sup>	23,353 <sup>(b)</sup>
Total water consumed	Million m <sup>3</sup>	2.4 <sup>(a)</sup>	1.4 <sup>(b)</sup>

(a) This data is subject to external independent limited assurance by PricewaterhouseCoopers LLP ('PwC'). For the results of that assurance, see PwC’s assurance report and SSE’s GHG and Environmental Reporting Criteria 2024 on [sse.com/sustainability](https://sse.com/sustainability).

(b) This data is subject to external independent limited assurance by PricewaterhouseCoopers LLP ('PwC'). For the results of that assurance, see PwC’s assurance report and SSE’s GHG and Water Reporting Criteria 2023 on [sse.com/sustainability](https://sse.com/sustainability).

## Managing air emissions

In 2023/24, emissions of nitrogen oxides (NOx) and sulphur dioxide (SO<sub>2</sub>) both reduced compared to the previous year, as outlined in Table 6. This was predominantly due to a reduction in thermal generation output which resulted in a corresponding fall in air emissions. Tarbert oil-fired power station in Ireland ceased generation before April 2023 contributing to a significant reduction in SO<sub>2</sub> emissions of 67% in 2023/24 compared to 2022/23.

In previous years, SSE would disclose data for particulate matter (PM10) and mercury emissions from thermal generation plant, above a de-minimum threshold of 10 tonnes and 1kg respectively. In 2023/24, no plant produced emissions above those thresholds, and therefore were considered immaterial in terms of impact. More information can be found in SSE's Sustainability Report 2024 available at [sse.com/sustainability](https://www.sse.com/sustainability).

## SSE's energy consumption

Between 2022/23 and 2023/24, the energy SSE purchased for use in its assets (offices, depots, thermal power stations, gas storage facilities, and data centres) slightly increased by 1%. This increase was due to a reduction in output from thermal generation plant meaning SSE's plant was generating less energy for its own use, and therefore required it to purchase more electricity from the grid. Electricity consumption in SSE's gas storage assets remained relatively stable at 72% of the total electricity used from renewable sources.

Energy consumed in SSE's offices, depots and data centres increased by 15% compared to 2022/23. This was due to building occupancy rates increasing after the COVID-19 pandemic.

In 2023/24, SSE purchased 100% of its electricity for use in its directly managed offices from renewable sources, backed by

renewable guarantees. In 2023/24, around 48% of the electricity that SSE purchased for its assets (offices, depots, thermal power stations, gas storage facilities, and data centres) was from renewable sources, down from around 52% the previous year.

SSE is a member of the Climate Group's EP100 initiative to encourage businesses to double energy productivity associated with office and depot buildings by 2030 from a 2011 baseline.

## Embedding circular economy principles

Over 2023/24, SSE diverted 97% of waste by tonnage from landfill and recycled 67% of waste by tonnage, exceeding the target it set for 95% and 50% respectively. SSE's 2024/25 performance target is to divert 95% of waste by tonnage from landfill and recycle 55% of waste by tonnage. SSE will continue to review its waste target to ensure that it remains stretching. For SSE's detailed waste data see the [Sustainability Report 2024](#).

SSE is also working to embed circularity principles into its operations to minimise its environmental impact, enhance operational efficiency, strengthen resilience to resource shortages and create value for stakeholders. Over 2023/24, SSE continued to collaborate with stakeholders to create solutions for industry-wide challenges and support circular supply chains. An example of this is SSE Renewables' work with partners through the Coalition for Wind Industry Circularity (CWIC), which seeks to create a supply chain for the refurbishment and reuse of wind turbine components within the UK.

## Data and assurance

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

**Table 6: SSE's air emissions from thermal generation assets**

	Unit	2023/24	2022/23
Sulphur dioxide (SO <sub>2</sub> )	Tonnes	440	1,336
Nitrogen oxide (NOx)	Tonnes	3,646	3,870

**Table 7: SSE's energy use data\***

	Unit	2023/24	2022/23
Purchased heat from non-renewable sources – UK/Ire	GWh	4.8/0.06	3.3/0.06
Purchased electricity from renewable sources – UK/Ire	GWh	96.1/0.9	103.7/1.1
Purchased electricity from non-renewable sources – UK/Ire	GWh	105.3/0	97.9/0

\* This table, in combination with the carbon performance information in table 2 on [page 106](#), represents SSE's disclosures in line with the UK Government Streamlined Energy and Carbon Reporting requirements.