The energy transition in a changing world

SSE ESG investor roundtable, Wednesday 30 September 2026

Michael Livingston

Slide: Agenda

Good morning, and thank you all for joining us for our ESG roundtable today.

Before we get into the roundtable, want to cover some safety and housekeeping:

- There are no fire alarms planned today, so if you do hear a continuous siren then please follow the fire exits indicated;
- Bathrooms are on the right-hand side as well if required;
- Can I ask that all mobile phones are switched off; and
- Please do not put your coats on the back of your chairs and make sure your bags are safely away to prevent any trip hazards.

Now we can move onto the purpose of the roundtable today which is an open discussion on the opportunities and challenges shaping the energy transition and the role companies such as SSE can play in delivering it.

We are intentionally keeping today reasonably informal as we are keen to facilitate discussion.

But to start us off, there will be introductory remarks from SSE's non-Executive Director and Chair of our Safety, Sustainability, Health and Environmental Advisory Committee, Dame Angela Strank; Chief Executive, Martin Pibworth; and Chief Sustainability Officer, Rhian Kelly.

- Angela will bring some insight from the Boards perspectives on sustainability.
- Martin will talk through the external environment evolution and how SSE has continued to adapt its investment plan as a result.
- And Rhian will run you through our recent science-based target revalidation and some future environmental and social areas of focus for the business.

We hope this provides a useful starting point as we then move into the roundtable discussion. We're particularly interested in hearing your perspectives on how the transition may evolve over the coming years.

We will aim to finish around 11:00 and there will be a light lunch available for those who may wish to continue the discussion a bit further.

I'll now hand over to Angela to begin.

Angela: Sustainability in a changing energy system

Slide: Sustainability in a changing energy system

Good morning everybody – as Michael noted, I have been a Non-Executive Director at SSE since 2020, and I chair the Board's Safety, Sustainability, Health and Environmental Advisory Committee, also known as the SSHEAC.
As for my background, I am a PhD geologist and Chartered Engineer, and in my executive career I was the Chief Scientist and the Head of Downstream Technology for bp, where I was also on the Executive Committee for the BP Group.

I have had the pleasure of chairing the Sustainability and Safety Committees of 4 FTSE 100 companies in different sectors over the past 10 years. I have seen different strategies, approaches and priorities, and experienced the evolution of Sustainability across business, in society and in various governments around the world; and of course, this evolution continues today.

Coming into SSE in 2020, I was particularly struck by how deeply sustainability is embedded into the culture of the company – it is definitely part of SSE's DNA, not only in what we do but how we do it. I was also struck by the quality of the dedicated Sustainability team, working at the highest levels with the ExCo to develop a progressive Sustainability strategy in support of business, growth, the environment and the communities in which we operate.

Of course, no business is sustainable without safe and reliable operations, and I was also pleased to see how closely the safety and sustainability teams work together to deliver this critical business agenda.

From today's Board perspective, sustainability remains fully embedded in how SSE thinks about strategy, risk and long-term value creation.

Both our Board and SSHEAC continue to spend significant time reviewing progress, challenging assumptions and ensuring that sustainability considerations are integrated into major decisions.

We are driven by the view that the commercial success of the business is inseparable from managing our environmental and social impact.

As we think about the transition ahead, one concept consistently sits at the heart of our discussions: the energy trilemma.

The trilemma is a neat representation of the reality we continue to navigate. How do we balance the three objectives – of decarbonization, energy security and affordability – which are all essential but don't always move in the same direction. So a robust strategy with some optionality and flexibility is beneficial.

There is often a tendency to view the transition as a straightforward path from one state to another, but the reality is more complex and variable, as the world changes around us, so progress is rarely linear.

Technologies and scientific understanding evolve, economic conditions change, public expectations shift, and geopolitical events can quickly reshape priorities.

From the Board's perspective, the challenge is not simply to accelerate delivery of the energy transition, but to navigate these competing demands responsibly while continuing to create long-term value.

One thing that continues to reinforce this for me is the Board's direct engagement with SSE's assets, colleagues and communities, which we do frequently. Visiting SSE's assets, operations and staff provides the Board with tremendous insight and appreciation of the

scope, scale and technical complexity of some of our investments, and the diverse range of sustainability challenges and opportunities arising from all these activities.

Recently, for example I had a great three day visit to the Western Isles with Rhian where the team talked us through the commitment it takes to keep the lights on during the toughest winter months when the weather and remoteness can make an already challenging job even harder. And it was clear that there is a need to not only continually improve resilience in the islands' electricity networks but also ensure there is enough capacity to enable future low carbon generation and demand.

Wherever I visit across SSE's estate, from the north of Scotland to the Isle of Wight, or from Ireland to the Lincolnshire coast, it is inspiring to see SSE's sustainability agenda in action, and the passion, commitment and pride the staff have in delivering it.

With that context in mind, I shall now hand over to Martin to talk about how SSE's business and strategy have evolved.

Thank you.

Martin: Building a resilient energy future

Slide: Evolving with the energy transition

Thanks Angela.

As Angela highlighted the energy transition has moved on quite a bit but the destination hasn't changed. We still need a cleaner electricity system, however the practical job of getting there has become much broader.
Building more renewable generation is essential, but renewables on their own don't make a functioning electricity system.

You have to connect it. You have to move the power to where it's needed. And you have to keep the system balanced when the wind isn't blowing in one place, or demand rises somewhere else.

That is really the evolution shown on this slide.

We've materially reduced the emissions intensity of our generation while increasingly directing capital towards the infrastructure required for the next phase of the transition.

This is not a change in strategic direction or a lowering of ambition. It's a response to where the constraints are emerging and where investment can create the most value.

We have businesses with the capability, assets and experience to deliver the infrastructure required for the next phase.

Slide: Our transformational five-year investment plan

You can see that thinking clearly in our investment plan.

Around ten months ago, we set out plans to invest around £33bn in the five years to 2030. That is roughly three times what we invested in the preceding five years with around 80% expected to go into networks.

There's a straightforward reason for that. The electricity system needs more capacity, and it needs it quickly. New renewable generation must be connected. Transmission infrastructure needs reinforcing. Distribution networks must prepare for rising demand as transport, heating and parts of industry electrify.

Importantly, around 95% of the plan is classified as green investment, demonstrating the extent to which our investment strategy is aligned with supporting the transition. This is evidence of a point Angela made – sustainability is not separate from our strategy but is a core part of how we make decisions, allocate capital and deliver projects.

And our 2030 Goals, linked to the UN Sustainable Development Goals, guide delivery, ensuring we focus not only on what we build, but how we build it, including the impact on people, communities and nature.

There is a considerable prize here for the UK and Ireland. Modern infrastructure, greater energy security, jobs and economic growth

Of course, identifying the opportunity is the relatively easy bit. The environment in which we are delivering it is becoming increasingly complex.

Slide: Need for energy investment has never been clearer

When I look across these headlines, I'm struck by how quickly the energy debate has widened.

A few years ago, the question was largely how fast we could decarbonise. And in many ways, that goal remains fundamental. But now there is greater focus on keeping energy affordable and supporting economic growth whilst maintaining security of supply for consumers.

Geopolitical volatility has made energy security immediate again. And electricity demand continues to rise through increased electrification, economic activity and newer sources of demand such as data centres. At the same time, the physical effects of a changing climate are putting greater pressure on infrastructure and resilience.

None of that changes the overall direction. But it does affect what we need to build, and in what order.

More renewable generation requires stronger networks. Higher demand requires more system capacity and resilience. And an increasingly weather-dependent generation mix requires extending the life of flexible assets that can respond when conditions change.

That is the operational reality. Clean power, security and affordability have to be delivered as one system. Optimising for any one of them in isolation won't work.

Which brings us to affordability, because unless the transition works economically for customers, it won't be sustainable in any meaningful sense.

Slide: Pathway to lower, more stable bills

Affordability is sometimes used as an argument for slowing investment in the energy transition.

I understand the instinct. Customers are concerned about what they pay now, not what a model says they might pay in ten years.

But recent experience has also shown us the cost of relying heavily on internationally traded fossil fuels. Around 70% of the increase in domestic energy bills since 2017 has been driven by commodity prices and inflation outside of the UK's control.

Breaking that link requires more investment, provided it is disciplined and focused in the right places.

More home-grown renewable electricity can reduce exposure to imported fuels and volatile gas prices. And we can already see some of that benefit today. SSE estimates wholesale electricity prices since the outset of the recent conflict in the Middle East have been around 30% lower than they would otherwise have been thanks to renewables.

Networks allow that electricity to reach homes and businesses in an efficient manner. This in turn enables increased electrification, enabling customers to benefit from it across transport, heating and industry.

Over time, that will drive lower and more stable costs. Our analysis suggests greater electrification could reduce average household energy costs by around £500 a year by 2040 and around £1,000 a year by 2050.

But it won't happen by itself.

Electricity continues to carry a disproportionate share of policy costs compared with gas. That weakens the economic case for customers considering electric technologies, even where electrification would reduce the overall amount of energy they use.

The decision to fund 75% of domestic Renewable Obligation costs through general taxation from April 2026 is a useful step. There is more to do, particularly for small and medium-sized businesses and for customers who need support with the upfront cost of switching.

Stopping investment might well appear cheaper for a period. The bill would simply arrive in a different form later.

Slide: Our 2030 sustainability goals progress in 2025/26

Balancing affordability, security and decarbonisation is why we need a clear framework for delivery.

Our 2030 Goals sit alongside the £33bn investment plan. They make us look not only at what we build, but at what that investment delivers for customers, communities and the wider economy.

We continued to make good progress against a number of those Goals during the last year.

We exceeded our target for renewable generation connected to the network in the north of Scotland, reaching 10.8GW, and the carbon intensity of our electricity generation fell below 200gCO_2e/kWh for the first time.

Those are useful milestones. But as Angela has noted, this is not expected to be a linear process and we should be candid about where delivery has become harder.

Planning approvals, supply chain capacity, policy developments and wider market dynamics all influence the pace at which progress can be delivered.

That's reflected in our renewables output ambition, where we've been clear that the slowdown across renewables markets in previous years mean we are unlikely to meet our ambitious target of 50TWh of renewable generation output by 2030.

That doesn’t alter our commitment or the underlying investment case. It reflects the realities involved in developing and constructing major infrastructure.

Investors should expect us to be ambitious, but also realistic about execution.

Our Goals extend beyond carbon and infrastructure to the value we create for people and communities.

Last year our activities contributed around £10.8bn to GDP across the UK and Ireland, supporting more than 88,000 jobs.

We also had a record year for community investment, awarding almost £25m to communities hosting our infrastructure, bringing our overall total to £137m.

Most importantly, during a period of considerable construction and operational activity, we maintained our overriding safety goal of no fatalities of life-changing injuries, and with excellent safety record across our businesses.

That combination is what successful delivery looks like to me. Lower-carbon infrastructure, economic value, benefits for communities and people going home safe at the end of the day.

And that's why sustainability isn't a separate agenda at SSE. It's embedded in how we deliver our strategy every day.

With that, I’ll now pass over to Rhian who will look in more detail at our progress and some of the sustainability challenges we are working through.

Rhian: Delivering a transition that works for all

Slide: Our Net Zero Transition Plan

Thank you, Martin.

Before I jump in – I've been in the role for almost a year now, but I may not have had the opportunity to meet all of you yet. It’s good to see you here today and I'm looking forward to hearing your perspectives.

I'd like to briefly touch on our Net Zero Transition Plan before I pick up on our recent science-based targets revalidation and touch on some of the issues we're navigating beyond climate.

Our plan provides a clear framework for delivering our climate ambitions.

It has seven carbon targets at its heart: five near-term science-based targets and our longer-term commitments to reach net zero across our direct Scope 1 and 2 emissions by 2040, and our remaining indirect Scope 3 emissions by 2050.

These targets are supported by 18 actions covering our generation, operations and value chain, alongside cross-cutting action on adaptation, nature and a just transition

Given I'm less than a year in the door, I can't take credit for the plan – but coming at it fresh what I really appreciate is the clarity and transparency of the overall approach, the goals, targets and actions.

And I like that it doesn't just capture what we are doing in generation, our operations and with our value chain but also picks up those cross-cutting issues.

It's a great, transparent basis for measuring progress and holding ourselves to account.

We were an early mover on transition plans – and the science-based targets that underpin it.

And with that leadership comes a first-mover challenge: we are among the first companies required to revalidate our targets with the SBTi.

We were pleased to announce last week that we became one of the first utility companies to complete the five-year revalidation successfully for our near-term science-based targets.

The truth is, our targets remain broadly the same, with slight updates to take account of SBTi current criteria – we've increased from four to five as we have split out our absolute scope 1 and 2 target into individual scopes, in line with updated SBTi guidance.

But we're confident we have the right targets – the revalidation confirms that our targets remain credible, robust and aligned with climate science.

And while we have retained the level of ambition, it's arguably much more stretching to achieve as the path ahead looks increasingly complex compared to when we first set the targets five years ago.

External factors, from policy and market conditions to wider system constraints, are shaping the pace at which change can be delivered.

But we are holding our nerve and we're sticking to the path. Our strategy continues to provide a strong pathway through a period of considerable uncertainty and change.

Slide: SBT performance

The slide here shows our 2025/26 progress – granted under the four previous SBTs. You'll appreciate we have only just announced revalidation, so we don't have updated progress. But we will, of course, update against the revalidated SBTs in our annual disclosures.

As Martin mentioned, we hit a milestone this year with our carbon intensity falling below 200gCO_2e/kWh for the first time. This puts us almost half-way towards our ambition to cut intensity by 80% by 2030.

We're also nearly three quarters of the way towards our ambition to cut our absolute scope 1 and 2 emission by 72.5% by 2030.

And we're two thirds of the way towards our supplier engagement target to have 90% of our suppliers by spend to have set, or committed to set, a science-based target.

But what shows in this slide is the challenge around our scope 3 gas sold target. This has been the biggest change in our revalidated targets.

As part of the revalidation, we strengthened our target for emissions from gas sold to align with the latest SBTi requirements – increasing it from 50% reduction by 2034, to 67.2% over the same timescale. But we've also been transparent that achieving the required reduction will depend heavily on broader market, policy and regulatory developments.

These are actions not solely within SSE's control and, in fact, they are currently projected to prohibit us from achieving the necessary pace of reduction.

The key lever within our control would involve divestment of the supply business, however, as a responsible business we're committed to supplying demand while optimising the reduction of emissions. We'll continue to pursue and report progress against our targets, while supporting the decarbonisation of heat and advocating for the policy and market conditions required to enable a just and affordable transition.

This is one example of the complexity of the transition and the increasingly complex backdrop that we're delivering against. But it shouldn't detract from the progress we've made overall – which we're really pleased with – and the fact that we're committed to our SBTs.

Slide: Addressing interconnected issues

As we look beyond climate targets alone, our focus is increasingly shaped by some emerging themes.

What we are seeing is an increasing intersection between climate, resilience, nature and people.

These issues are often discussed separately, but in practice they are deeply interconnected.

As we think about the future energy system, the challenge is not simply reducing emissions, but delivering multiple outcomes at the same time to get maximum impact/value

You can see that most clearly at a project level. Take our work in Shetland.

From a **climate** perspective, we built one of the UK's largest onshore wind farms, Viking, which will power almost half-a million homes a year. We're also investing in the network infrastructure needed to connect that generation to the wider electricity system.

This includes the Shetland HVDC Link which connected Shetland to the Scottish mainland for the first time. This not only unlocks the renewable generation potential on the Shetland Islands but is also important from a **resilience** perspective, reducing the island's reliance on a standalone system and improving resilience to disruption and extreme weather events.

Alongside this, we're undertaking extensive peatland restoration, supporting **nature** recovery and helping protect and restore an important carbon store.

And, importantly, we're creating value for **people** through community investment – the Viking community fund is delivering £2.2m annually for the community to support local projects making a direct impact in the community. This will reach an expected total of £72m over the 25-year life of the project, when indexed.

That's in addition to the £80m of investment that has been generated for Shetland's economy and the hundreds jobs it has supported.

This is what the transition looks like in practice. The most successful projects are increasingly those that can deliver climate, resilience, nature and social outcomes together, rather than treating them as separate objectives.

As we look ahead, we are under no illusion about the scale of the challenge – but also the opportunity. The transition must be delivered in a way that works for people, for the energy system and for the wider economy as a whole.

Our focus is on doing this well – building the infrastructure needed while creating lasting value and maintaining trust along the way.

Slide: Roundtable: navigating a shifting landscape

I'd like to finish with a few reflections rather than conclusions. And I'm going to bring us full circle back to Angela's discussion at the start.

The transition is progressing. But it's not always progressing in the way many of us might have anticipated even three or four years ago.

Nevertheless, the destination remains clear: a cleaner, more secure and affordable energy system.

But the route will not be linear, and the pace and pathway will continue to be shaped by policy, markets, technology, affordability and public acceptance.

That creates increasingly interconnected choices where we will need to strike the right balances between:

- Accelerating infrastructure delivery while maintaining public trust
- Balancing affordability today with the investment needed for tomorrow.
- Build a more resilient energy system while reducing our emissions and protecting and restoring nature

These are not challenges that SSE, or the energy sector, can answer alone. They require continued collaboration between companies, investors, government, regulators and communities .
