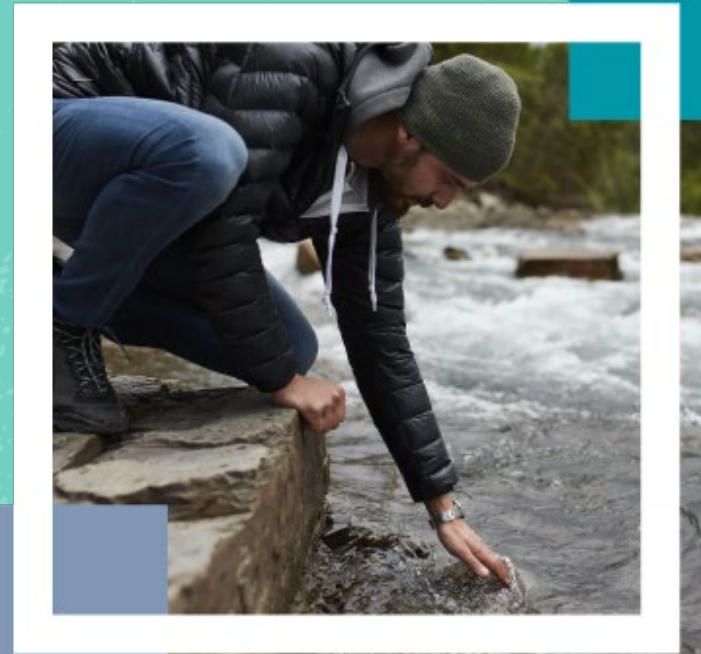


# Progressing the Net Zero Transition Plan

ESG Virtual Event

28 June 2023



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# Agenda

## Progressing the Net Zero Transition Plan

**SSE HOST**  
Michael Livingston  
Head of Investor Relations



**1. A Strategy with a Purpose**



**2. The Net Zero Transition Plan and Progress**



**3. The 'S' in ESG**



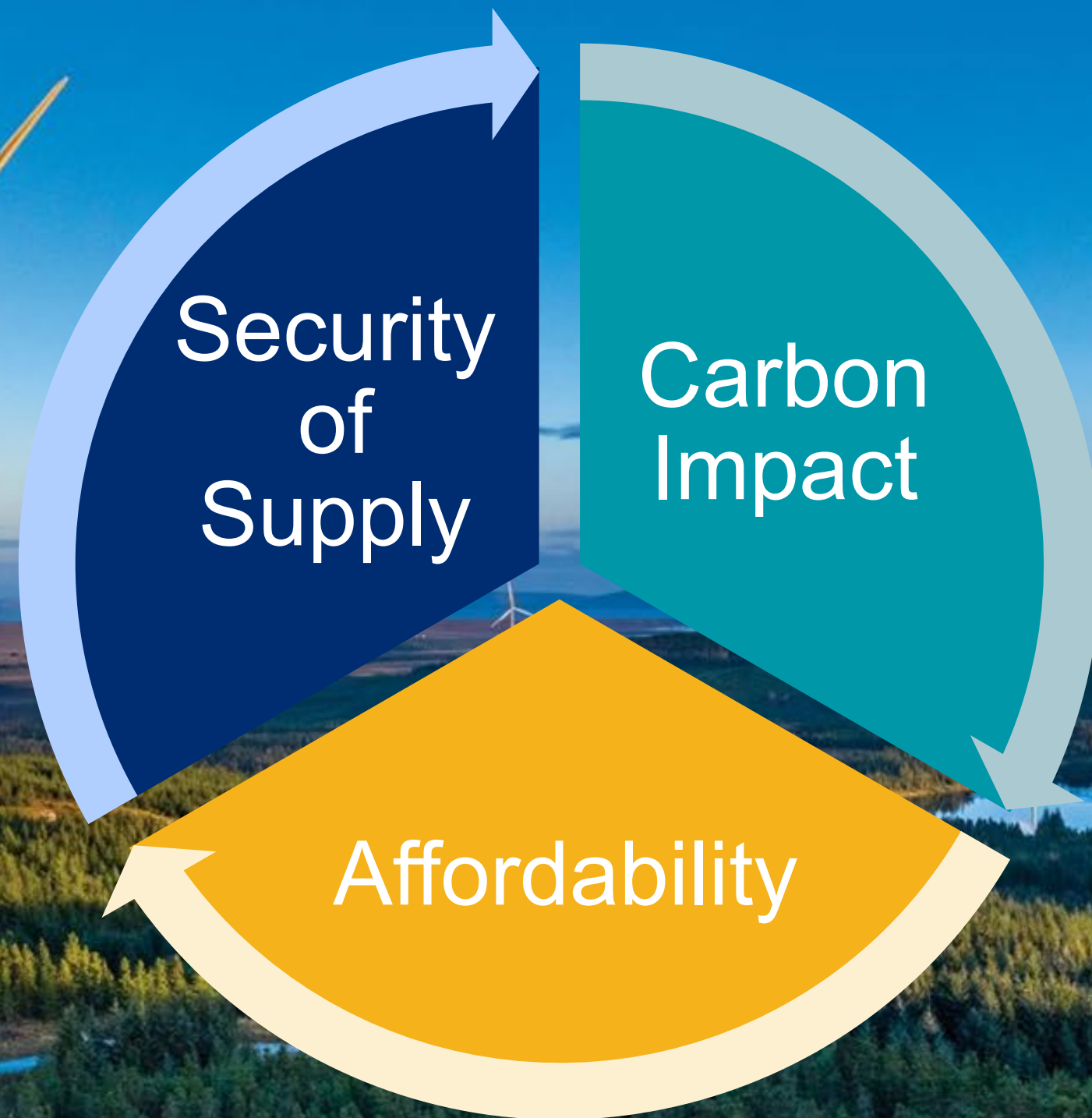
**Q&A**  
Please submit questions  
to [IR@sse.com](mailto:IR@sse.com)



# Strategy with a purpose

Alistair Phillips-Davies  
Chief Executive

# An affordable transition to net zero



# SSE supporting the future energy system



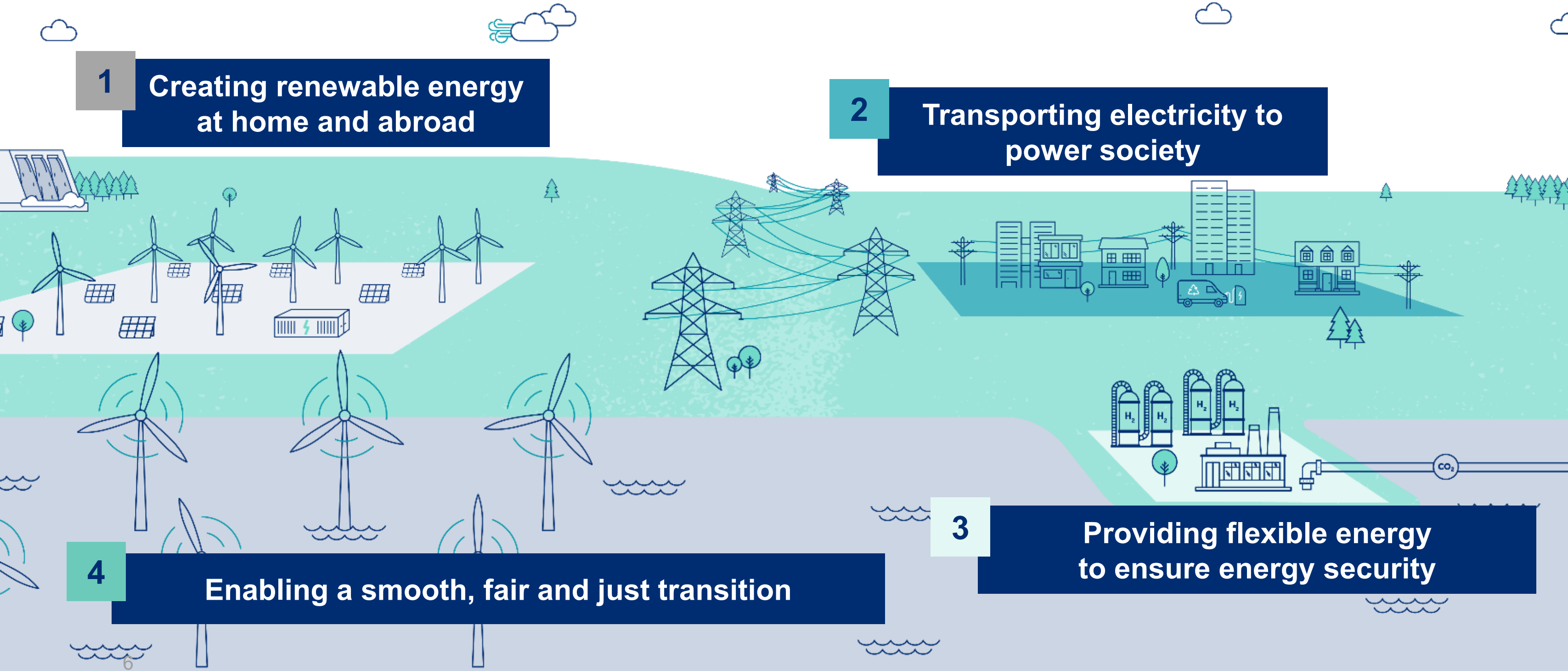
Decarbonising generation and enabling electrification

**1** Creating renewable energy  
at home and abroad

**2** Transporting electricity to  
power society

**4** Enabling a smooth, fair and just transition

**3** Providing flexible energy  
to ensure energy security



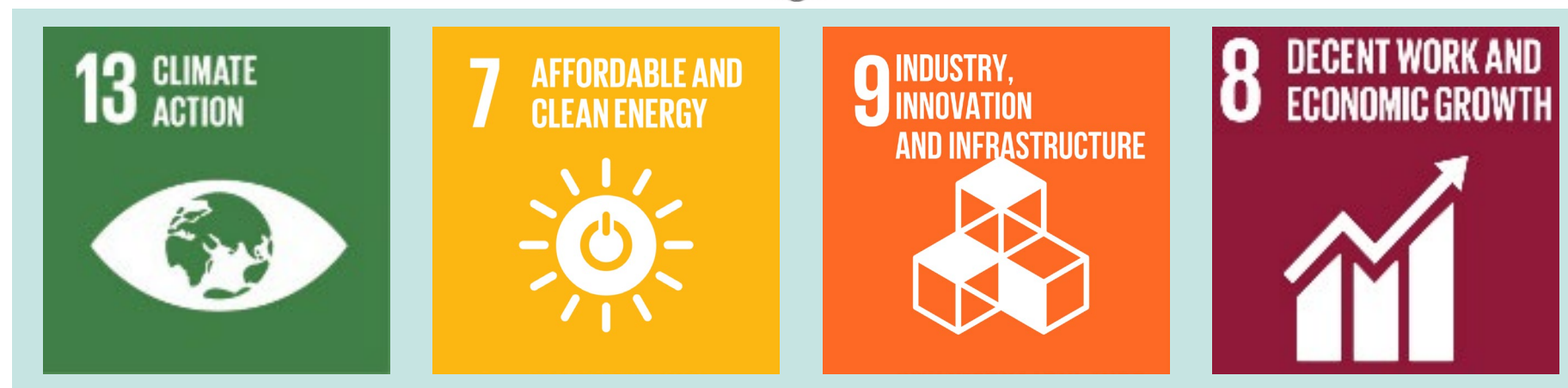
# A Sustainability Hierarchy

The strategic hierarchy of sustainability within SSE

Strategy driver ‘...creating value for shareholders and society...’

Framework to share value: aligned to UN’s Sustainable Development Goals (SDGs)

SSE’s 2030 Goals: Four core business goals linked to highly material SDGs



SSE’s Environment Strategy  
Linked to three further  
material SDGs

Resource used



Environmental management



# 2030 Business Goals

## Stretching goals for an accelerated path to Net Zero

### Progress in 2022/23



**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.

- Carbon intensity of electricity generated 254g/kWh (baseline 307g/kWh in 2017/18)
- Flagship renewables construction projects progressed
- Secured contracts for two new low carbon biofuel plants
- Advocated four policies to deliver clean, homegrown energy



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

- First power achieved, Seagreen offshore windfarm
- First monopiles installed, Dogger Bank offshore windfarm
- CfD secured for 50% of the output from Viking onshore wind farm



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

- Connected 1.4GW of additional Renewable capacity to the SSEN Transmission network
- 208k EVs registered and 52k additional heat pumps connected in SSEN Distribution licence areas



**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.

- Publication of *Just Transition: Measuring Progress, from action to accountability*
- First company to transition to Fair Tax Foundation's Global Multinational Business Standard

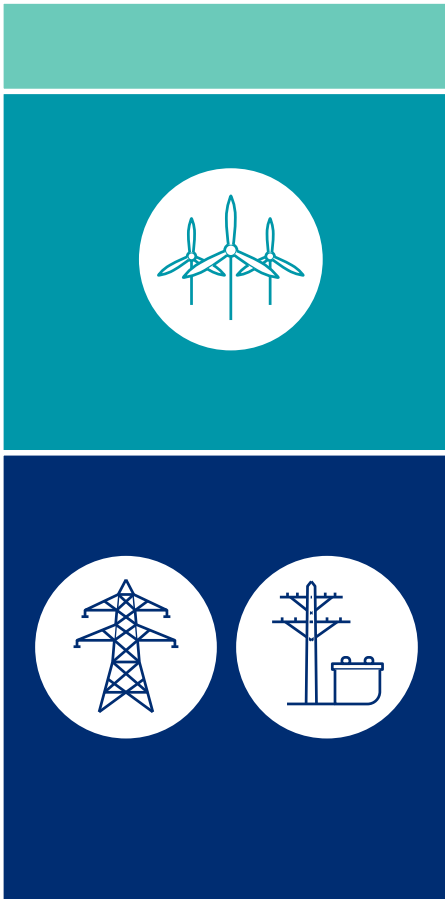
For further information please see SSE's Sustainability Report for 2022/23, available at [www.sse.com/sustainability](http://www.sse.com/sustainability)



# Investment closely aligned with EU Taxonomy

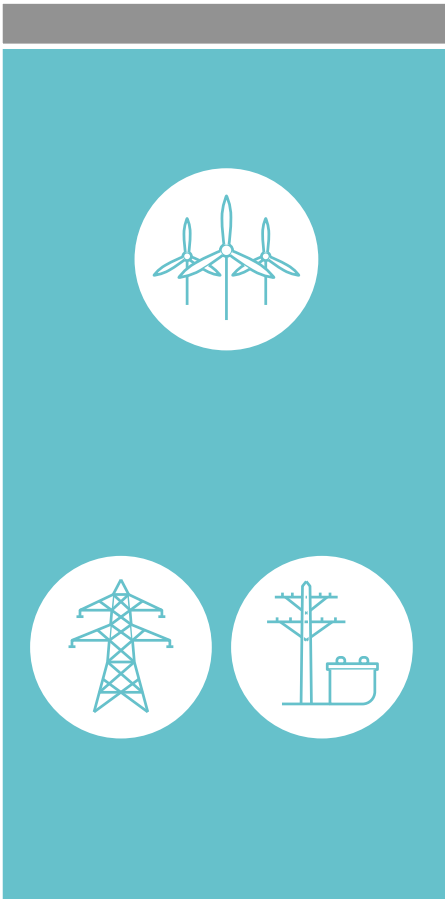
Upgraded NZAP Plus focusses investment towards taxonomy-eligible activities

£18bn net investment



NZAP Plus Investment

>£16bn Taxonomy aligned



EU Taxonomy Alignment

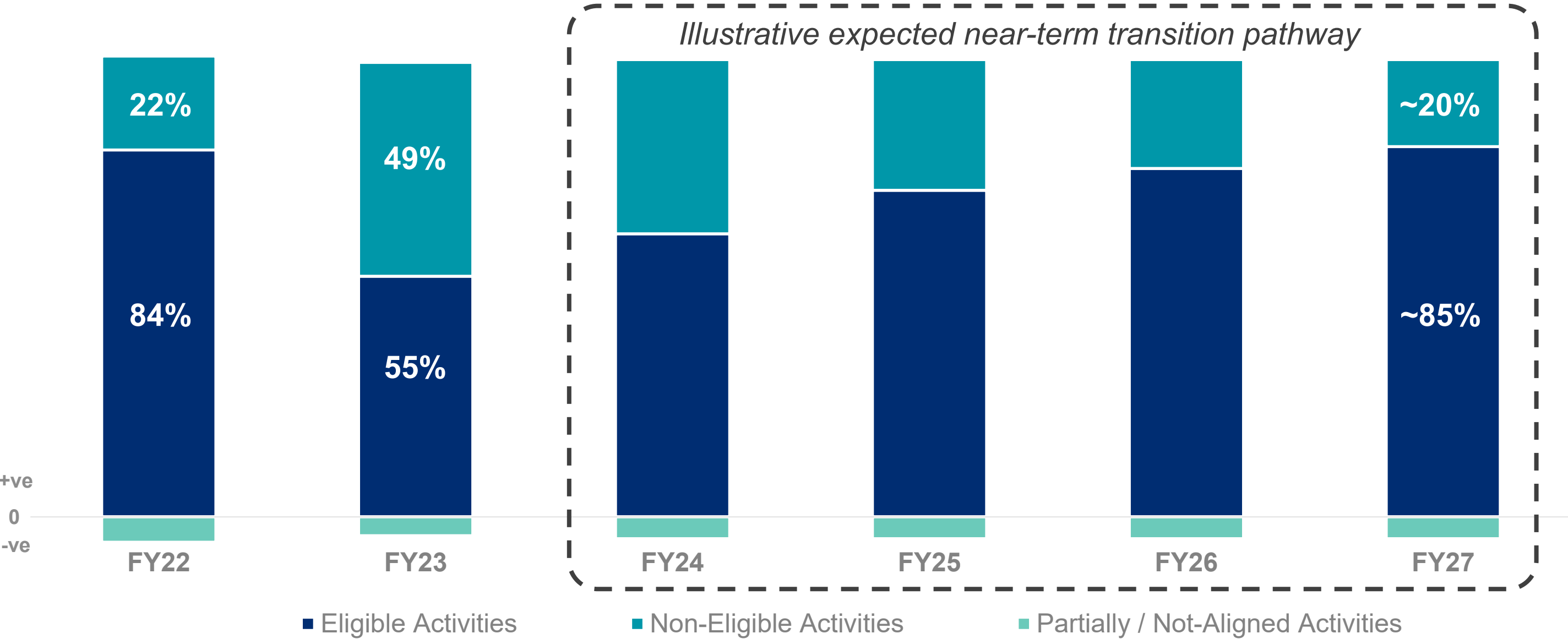
> 90% investment expected to align with EU Taxonomy

Residual <10% represents legacy asset maintenance, digital investment or investment in non-eligible activities

# However, the transition will not be linear

The energy transition in a volatile market requires a long-term strategy to deliver

Adjusted Operating Profit as classified by the EU Taxonomy



# SSE plc – ESG credentials

Aiming for leading ESG performance



<sup>1</sup>For further information please see SSE's Sustainability Report for 2022/23, available at [www.sse.com/sustainability](http://www.sse.com/sustainability)

# Say on climate

A non-binding advisory resolution on climate

## NET ZERO TRANSITION REPORT

### Resolution 17:

To receive SSE's Net Zero Transition Report for the year ended 31 March 2023

Available at:  
<https://www.sse.com/sustainability>



**SSE's Net Zero  
Transition Plan**



**SSE's Net Zero  
Transition Report**



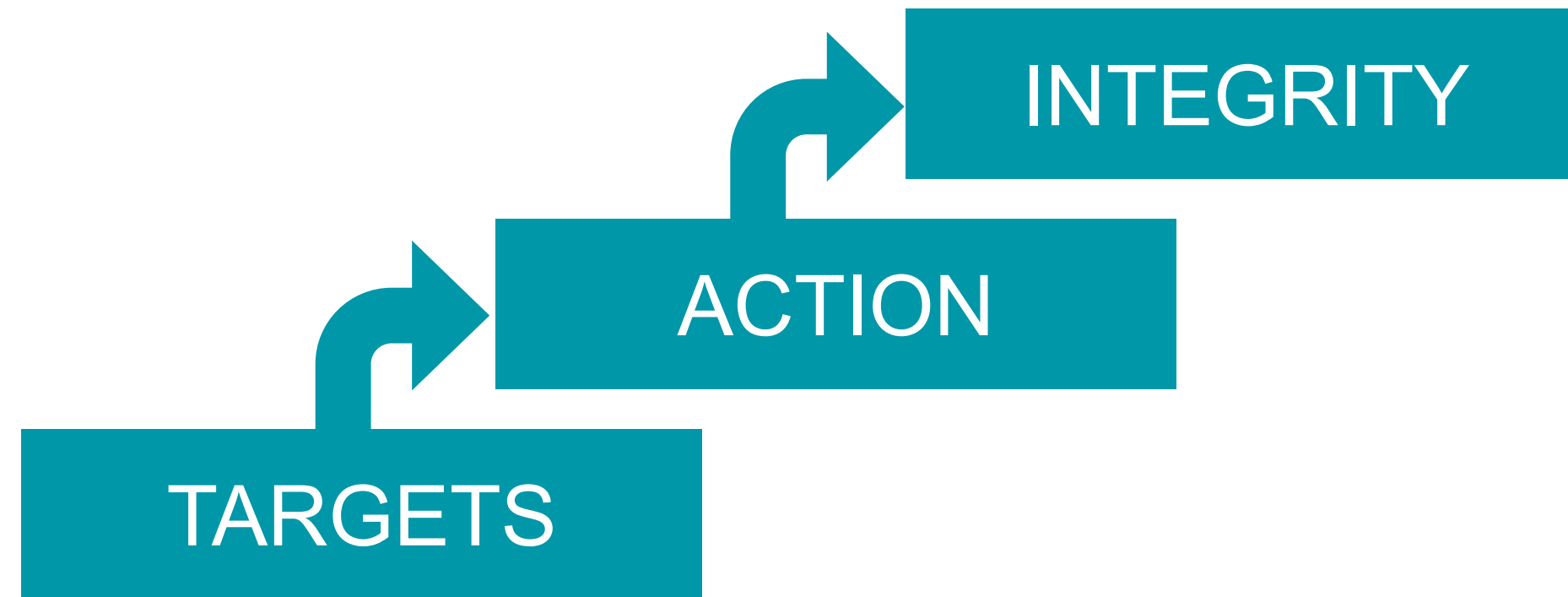
# Net Zero Transition Plan and Progress

Martin Pibworth

Chief Commercial Officer

# A net zero transition plan

## Themes of the plan



2022 Annual General Meeting, Resolution 21:

“to receive SSE’s Net Zero Transition Report for the year ended 31 March 2022.”

98.92%  
of shareholder  
votes in favour

# Transition Plan Taskforce

## Development of “gold standard” for climate transition plans launched by HM Treasury

### SSE an early adopter of net zero transition planning with framework still developing

- HM Treasury launched Transition Plan Taskforce (TPT) in 2022 focussed on informing international disclosure standards
- UK Government and FCA will draw on TPT findings to strengthen disclosure requirements across the UK economy

### SSE will monitor closely and seek to align with best practice as it develops

**01** Baseline current position  
 - Assessment of climate-related risks and opportunities  
 - Disclose climate-related risks and opportunities  
 - Identify climate-related interdependencies  
 - Assess resilience

**02** Setting ambition  
 - Setting climate-related goals and targets  
 - Setting a decarbonisation plan

**03** Developing an action plan  
 - Developing a strategic roadmap  
 - Developing a budget

**04** Ensuring accountability for delivery  
 - Establishing the reporting and assurance processes  
 - Embedding climate-related information in the business

**4. THE TPT DISCLOSURE FRAMEWORK**  
 The TPT recommendations are structured around four themes, which make the key components of a transition plan recommended by the GRI. Building on this structure, the TPT recommends disclosures in relation to 12 sub-themes which are summarised in Figure 4 below.

	Analysis	Action	Assurance
PLANNING PROCESS	Key stages of transition planning		
GOVERNANCE	1. Governance	2. Strategy and Business Model	3. Disclosure
CLIMATE RISK	4. Climate Risk	5. Metrics and Targets	6. Disclosure
CLIMATE OPPORTUNITY	7. Climate Opportunity	8. Metrics and Targets	9. Disclosure
CLIMATE RESILIENCE	10. Climate Resilience	11. Metrics and Targets	12. Disclosure

**TPT** Transition Plan Taskforce  
**CONSULTATION**  
**The Transition Plan Taskforce Disclosure Framework**  
 NOVEMBER 2022

**TPT** Transition Plan Taskforce  
**CONSULTATION**  
**The Transition Plan Taskforce Implementation Guidance**  
 NOVEMBER 2022

Financial Reporting TCFD or ISSB  
 Transition planning process  
 Elements of the TPT Sector-Neutral Framework  
 Foundation  
 Implementation strategy  
 Engagement strategy  
 Metrics & Targets  
 Governance

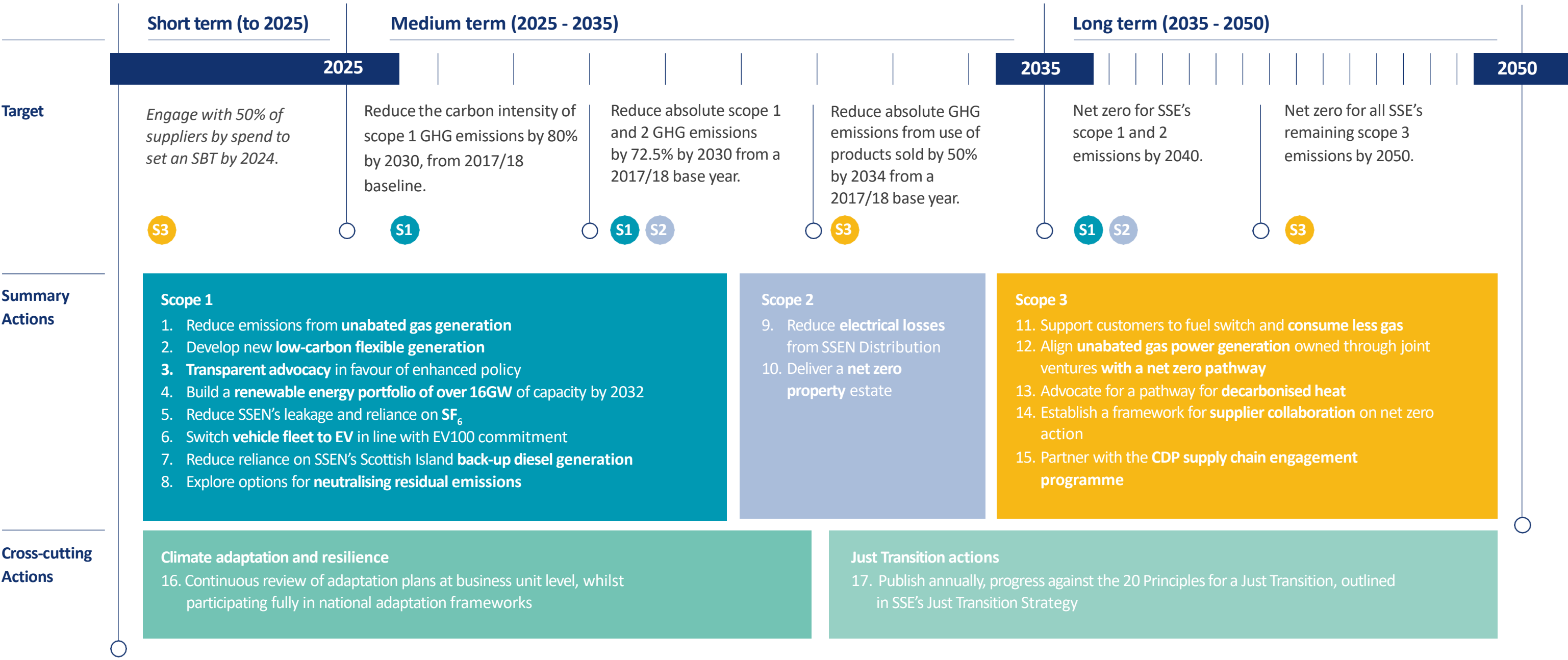
Publication of material information in general and product related reporting  
 Publication of material information in general and product related reporting

**TPT** Working with  
 The TPT builds a guidance which will inform the development of a gold standard transition disclosure framework.  
 The TPT will work with companies and financial institutions to strengthen transition disclosure requirements and to develop a gold standard transition disclosure framework.  
 The TPT will work with companies and financial institutions to strengthen transition disclosure requirements and to develop a gold standard transition disclosure framework.

**ISSB**  
 Expected future basis of climate-related disclosure requirements in the UK, building on the TCFD.  
 The ISSB's proposed IFRS S2 Exposure Draft contains disclosure requirements for an entity to provide information about its transition plans.

# Net Zero Transition Plan on a page

SSE's Short-, medium- and long-term carbon targets, plus key actions to achieve them

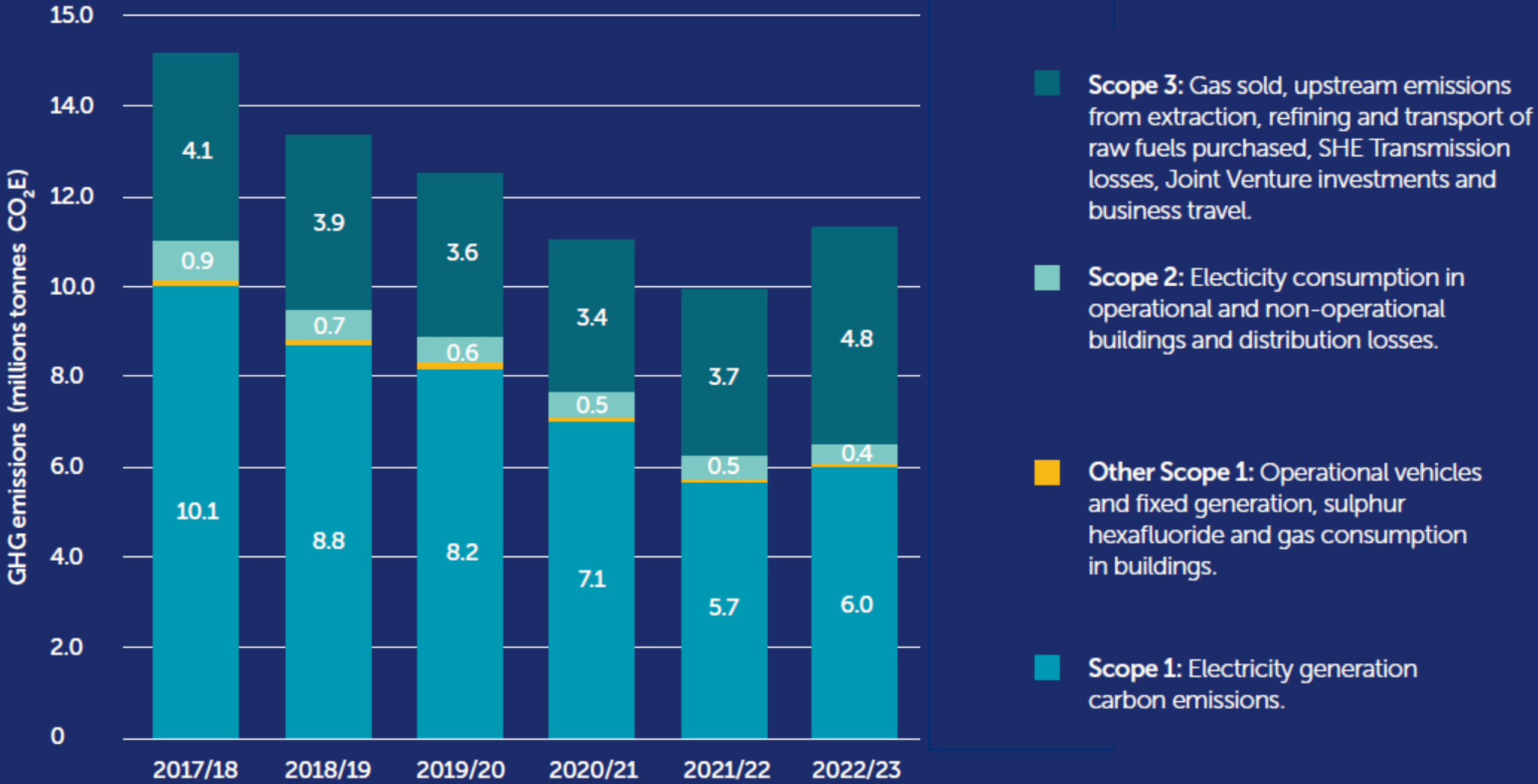






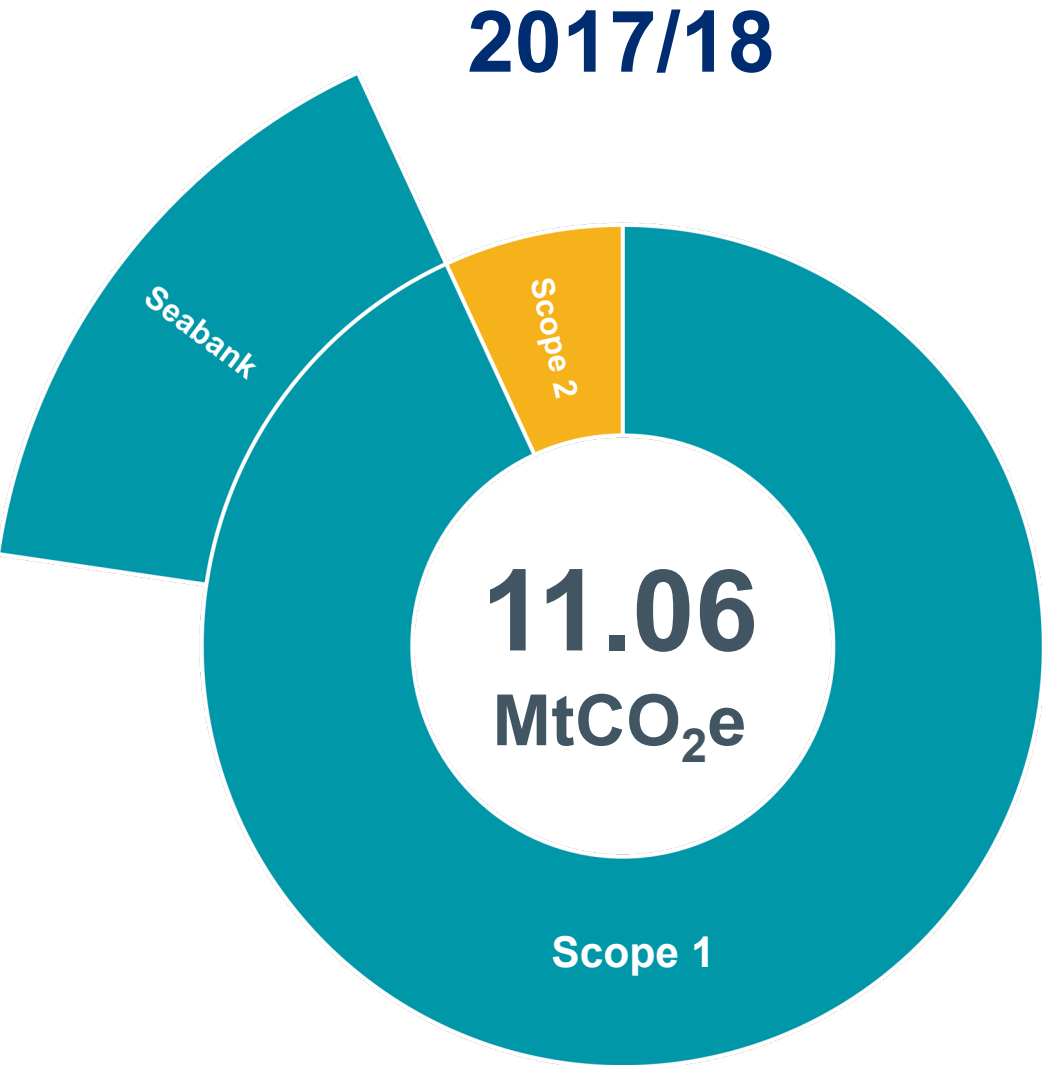
# Climate performance to date

## GHG emissions by scope since 2017/18 base year

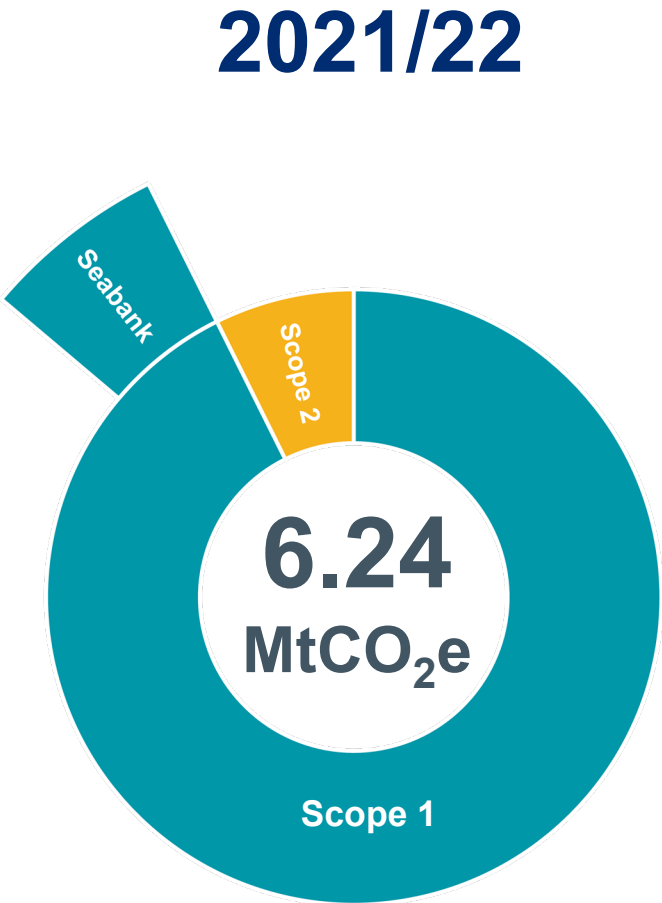


# FY23 carbon emissions

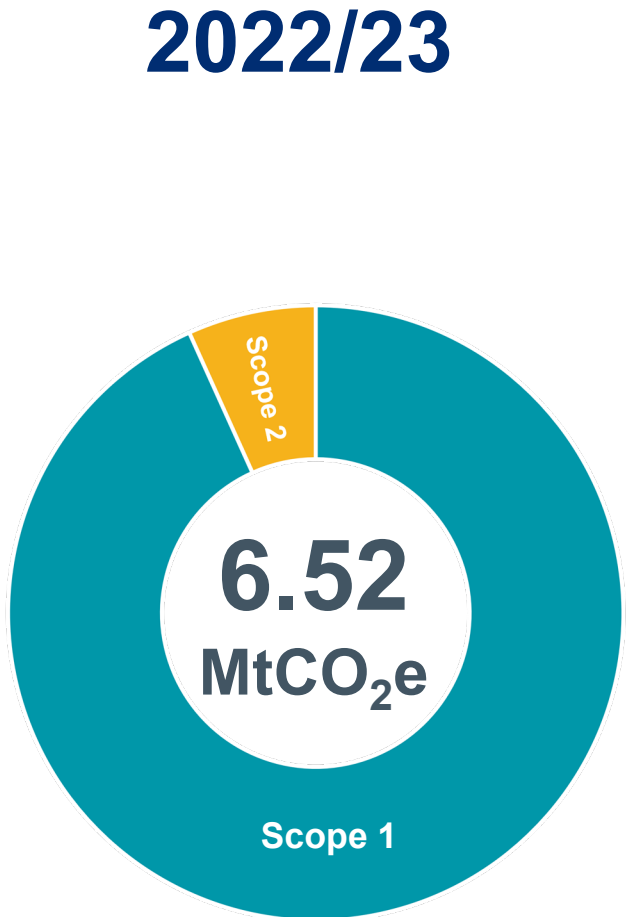
Falling Scope 1 emissions from declining thermal output and change in JV arrangement



Operational control of Seabank CCGT, 100% of emissions in scope 1



6 months of operational control of and scope 1 emissions from Seabank CCGT and 50% of Seabank in scope 3 thereafter

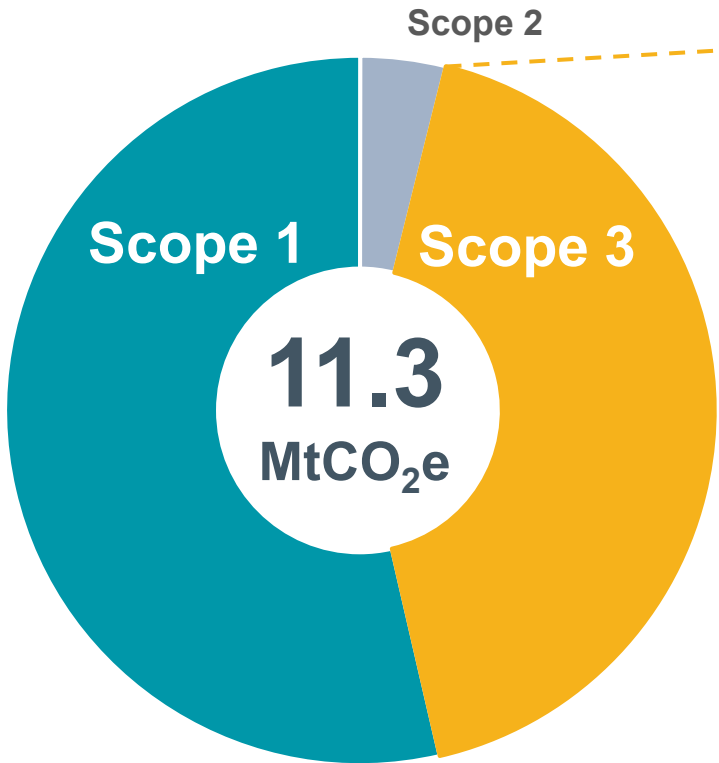


50% of Seabank's emissions accounted in scope 3 for 12 months.

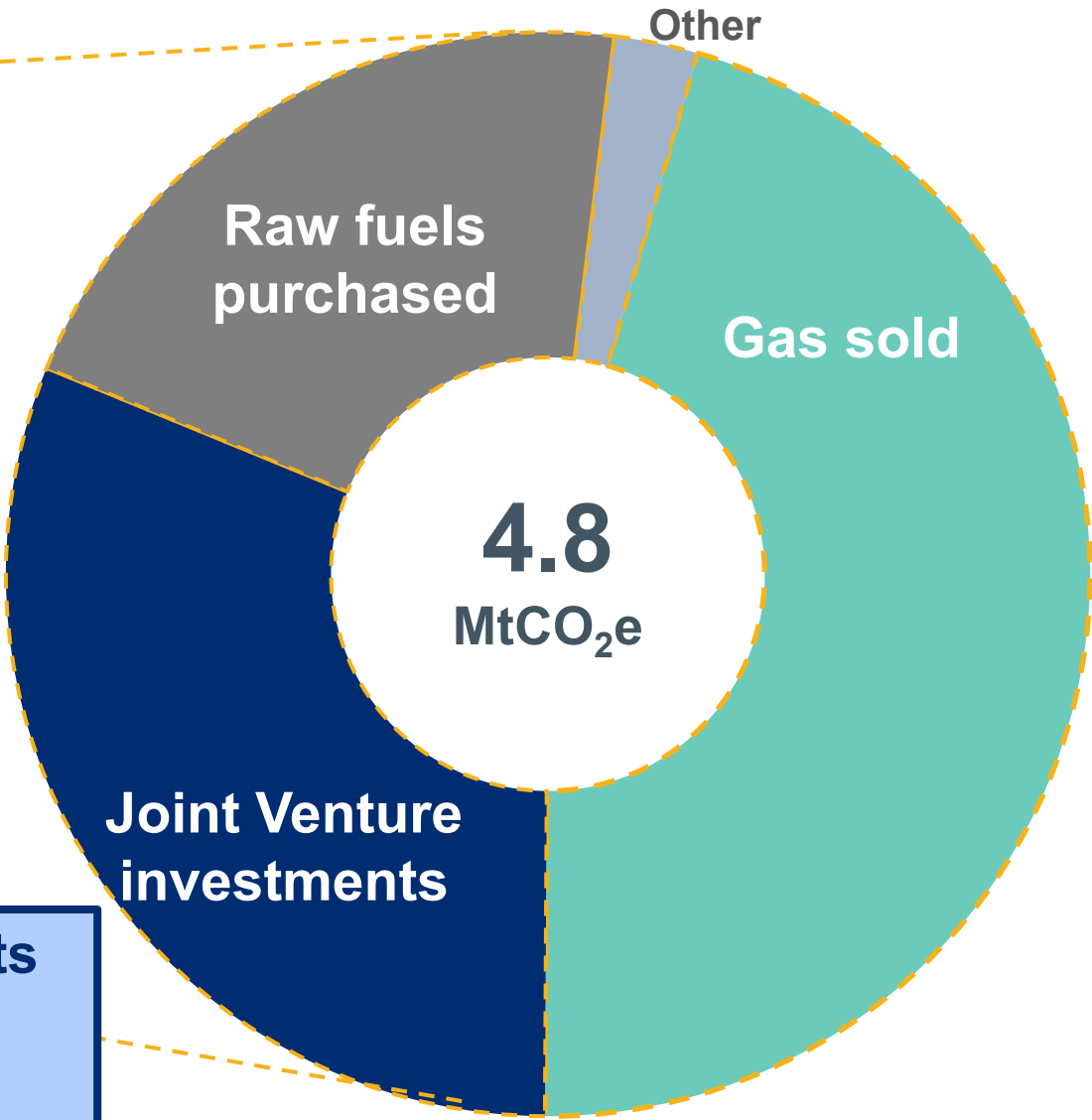
# FY23 carbon emissions

Transparency over expanding Scope 3 emissions

FY23 GHG emissions



FY23 Scope 3 GHG emissions

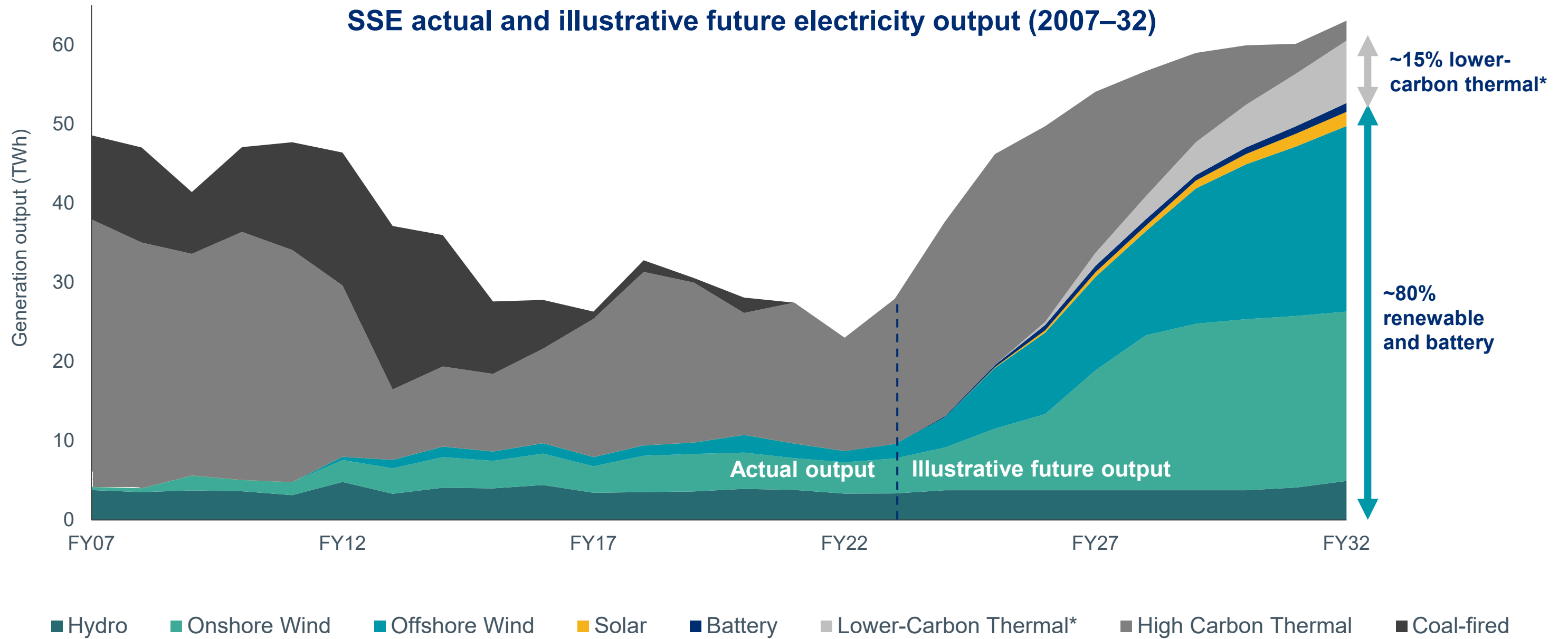


**Triton Power and Seabank: non-operational equity investments in gas generation companies**

- Working with JVs to support the development of Net Zero Transition Plans

# Decarbonising with the lights on

A planned, orderly transition that secures electricity supplies



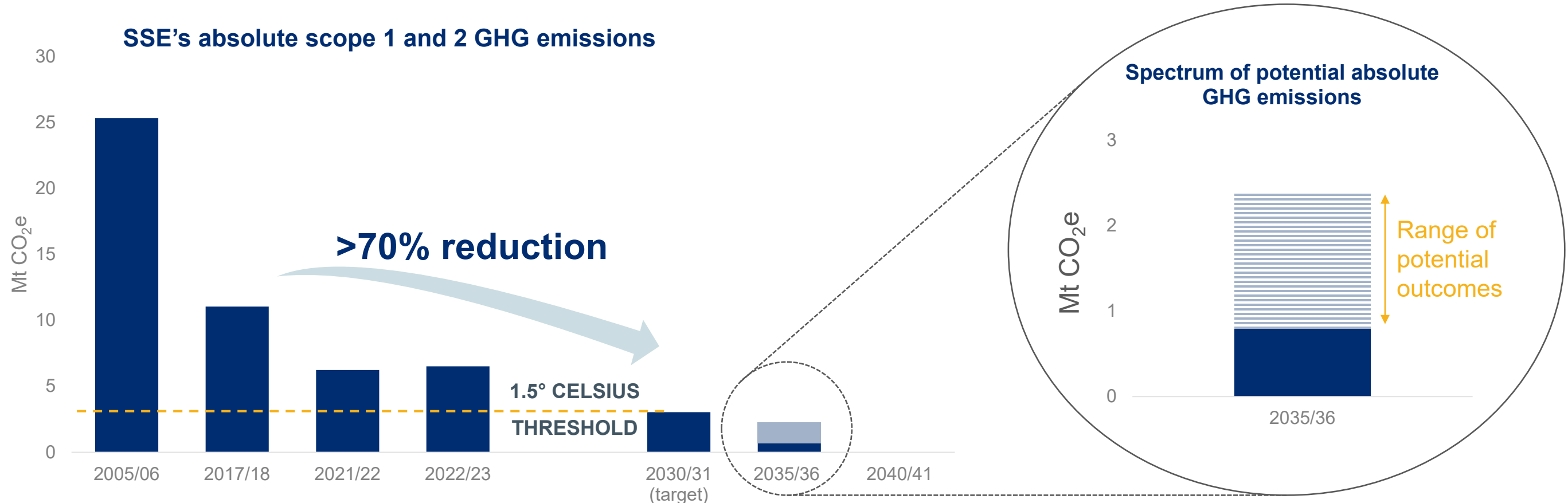
\* Lower-carbon Thermal includes output from sustainable biofuel, Hydrogen blending and CCS projects. Progression towards lower-carbon ambitions will be subject to government policy and security of supply considerations.

# Integrity: Emissions Transparency

## An emissions spectrum for 2035/36

### Importance of transparency

- Open and honest approach to challenges faced by SSE and energy system participants
- Provides backdrop for constructive discussion with policymakers and regulators



**Achieving lower end of GHG emissions spectrum by FY35 will require greater policy intervention**

# Integrity: Listening to the Climate Science

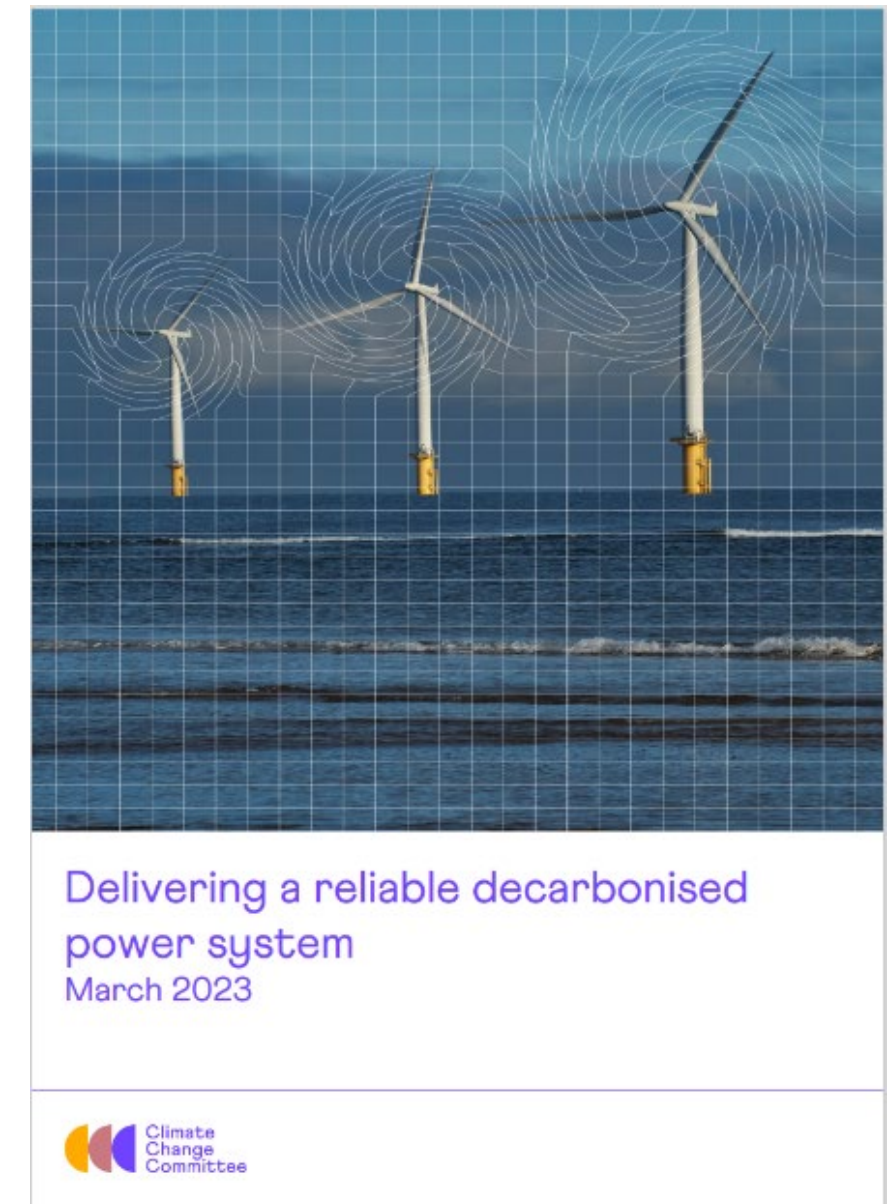
## Climate Change Committee's report on decarbonising the power sector

March 2023 CCC report outlines what a decarbonised power sector could look like in 2035, finding that

**“The Government must give equal focus to low-carbon flexible solutions as to the full delivery of its existing renewables and nuclear commitments**

...

**We consider the occasional use of a small amount of unabated gas capacity (for up to around 2% of annual electricity production in 2035) to be consistent with ensuring security of supply in a cost-effective manner without excessive adverse impact on emissions.”**



# Integrity: Neutralisation

Transparent about uncertainties but guided by best available science

**PRIMARY FOCUS:  
REDUCTION OF UNABATED  
SCOPE 1 GENERATION  
EMISSIONS**

Explore options for mid-2030s for neutralisation of residual scope 1 emissions

When abatement is maximised, deploy technological or nature-based solutions to neutralise residual emissions

Guided by the best available science and independent frameworks available, including the GHG Protocol, Science Based Targets Initiative and UK and Ireland energy policy

## Exploring technological and nature-based removal solutions:



### SSE Thermal

Engaging with UK government on policy to establish a market for greenhouse gas removals



### SSEN Distribution

Nature-based solutions including native peatland restoration works within the RIIO-ED2 Business Plan



# Action In Progress: Low Carbon Generation

Tarbert in Ireland a microcosm of the next generation of low carbon power

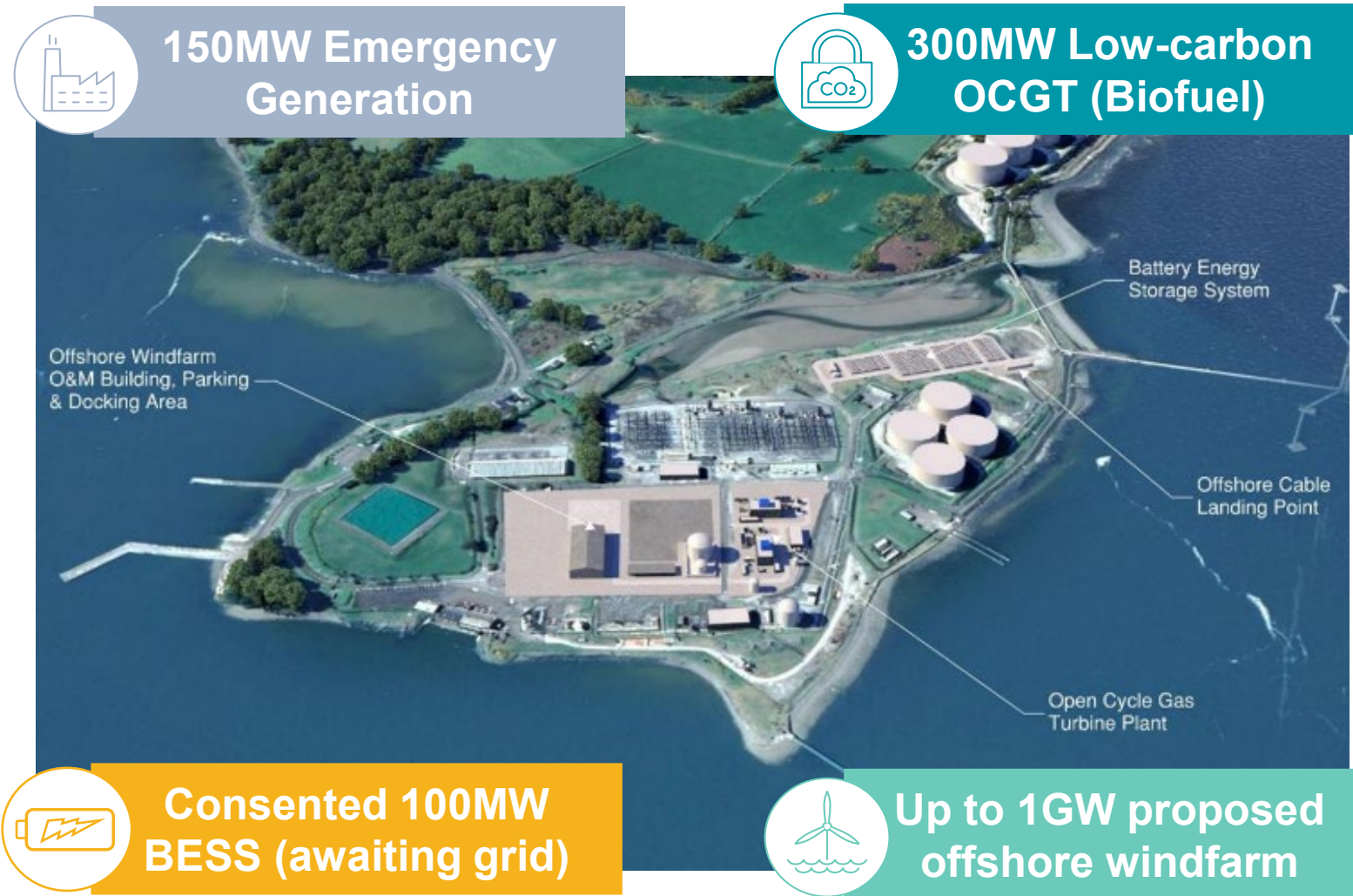
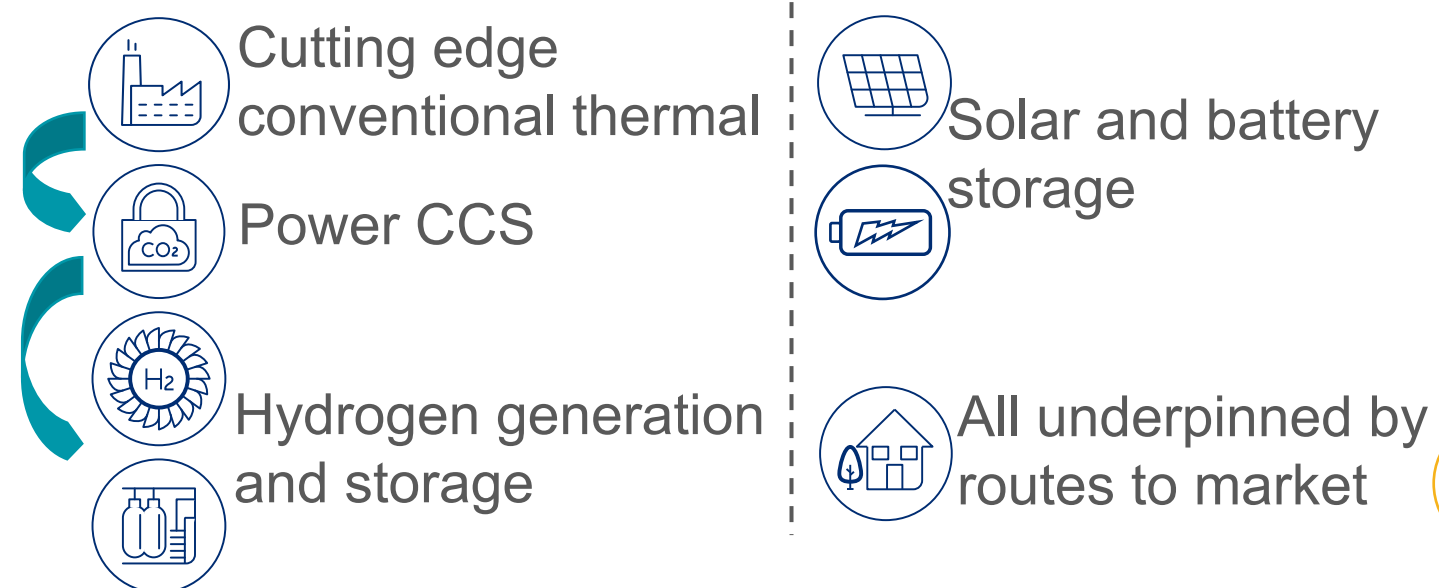
GROWING PIPELINE OF LOW CARBON GENERATION PROJECTS ACROSS SSE

REPURPOSING HIGH CARBON ASSETS AT TARBERT FOR IRISH ENERGY SECURITY

Between FY21 and FY23 SSE has seen

- Doubling of low-carbon flexible opportunities
- 50% growth in secured renewables pipeline

Legacy assets, grid connections and integrated business put SSE position to move at pace across range of technologies:





# The “S” in ESG

Rachel McEwen

Chief Sustainability Officer

# SSE and the Just Transition

Moving from principles to action



## Measuring progress – key statistics\*

Employees who transitioned from a high to a low-carbon role more than 2 years ago:

**> 900**

Additional former high carbon employees between 2021 and 2022:

**< 870**

Proportion of SSE employees who have previously worked in a high-carbon career:

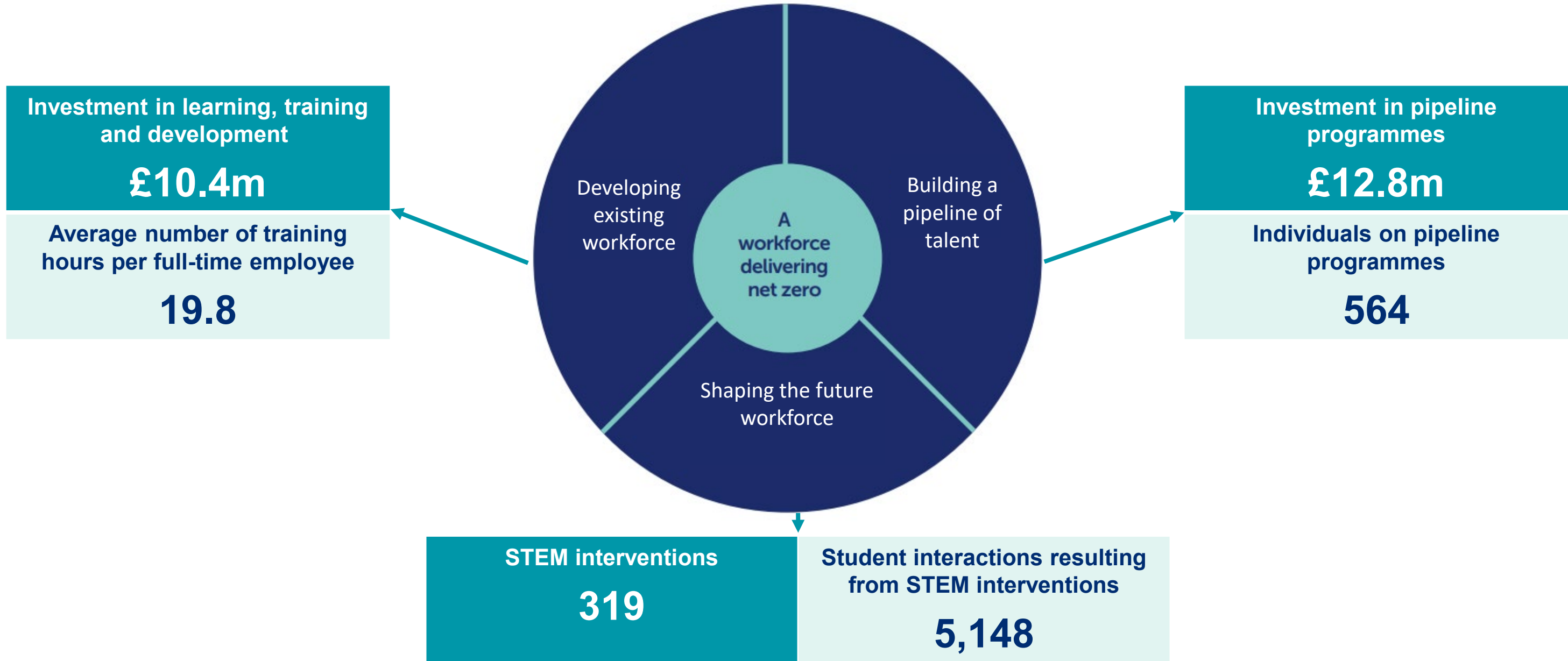
**1 in 5**

\*Figures are self-reported through the SSE all-employee survey 2022 with an 79% participation rate.

# Workforce Development

A workforce delivering net zero

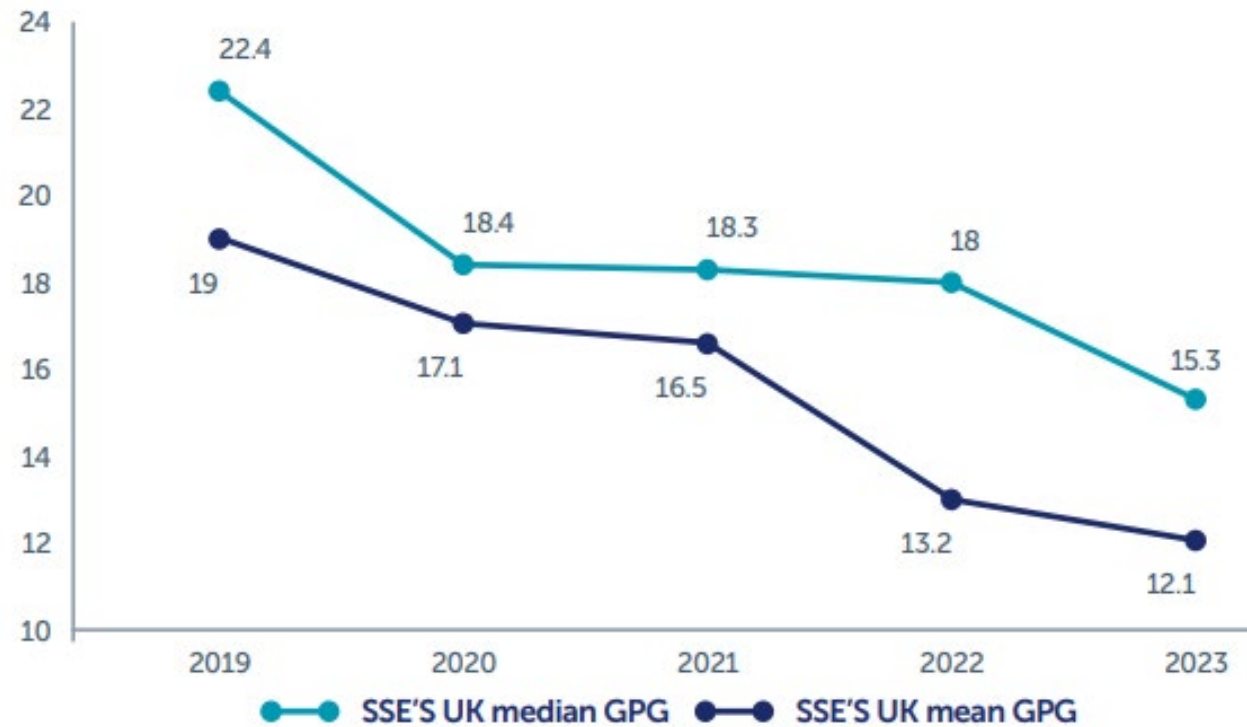
## 2022/23 PROGRESS



# Inclusion and Diversity

Powering tomorrow through inclusion

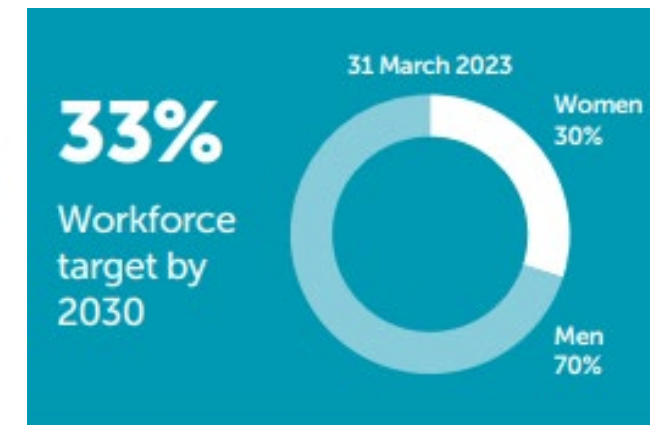
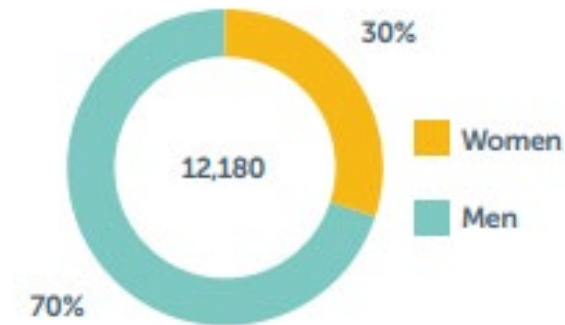
## GENDER PAY GAP



<b>UK gender pay gap Median</b> <b>15.3%</b> (2022: 18.0%)	<b>UK bonus gender pay gap Median</b> <b>14.7%</b> (2022:17.6%)
<b>UK gender pay gap Mean</b> <b>12.1%</b> (2022:13.2%)	<b>UK bonus gender pay gap Mean</b> <b>44.3%</b> (2022:45.9%)

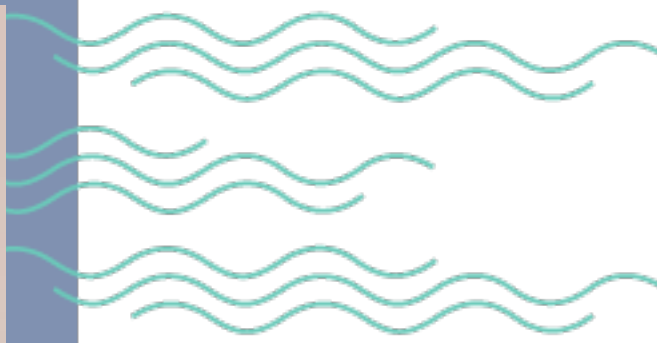
## WORKFORCE REPRESENTATION

### TOTAL WORKFORCE



### WOMEN IN LEADERSHIP

	Year	Ambition	2022/23 % Female (Male/ Female headcount)	2021/22 % Female (Male/ Female headcount)
Board <sup>1</sup>	Ongoing	50%, with no less than 40% female representation	46% (7/6)	50% (6/6)
Group Executive Committee (GEC <sup>2</sup> )	–	–	27% (8/3)	25% (6/2)
(GEC <sup>2</sup> ) and direct reports (excl. administrative roles)	2025	40% female	34% (54/28)	22.4% (45/13)
Leadership Group <sup>3</sup>	2030	40% female	25% (812/274)	23.7% (682/212)







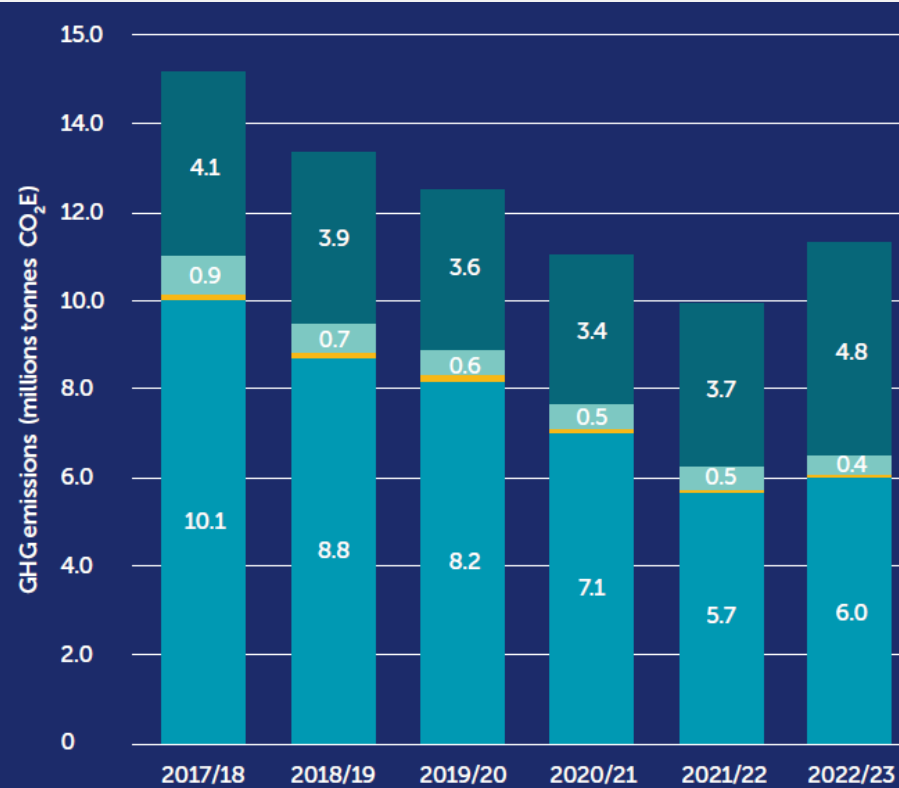







# Closing Summary

Michael Livingston

Head of Investor Relations

# Conclusion

## Net Zero Transition Plan at heart of company strategy

Strategy		Performance	Just transition																																			
Goals		Action	Integrity																																			
<p><b>Cut Carbon intensity by 80%</b></p>  	<p><b>Increase renewable energy output fivefold</b></p>  	 <table border="1"> <caption>GHG emissions (millions tonnes CO<sub>2</sub>e)</caption> <thead> <tr> <th>Year</th> <th>2017/18</th> <th>2018/19</th> <th>2019/20</th> <th>2020/21</th> <th>2021/22</th> <th>2022/23</th> </tr> </thead> <tbody> <tr> <td>Teal Segment</td> <td>10.1</td> <td>8.8</td> <td>8.2</td> <td>7.1</td> <td>5.7</td> <td>6.0</td> </tr> <tr> <td>Light Blue Segment</td> <td>0.9</td> <td>0.7</td> <td>0.6</td> <td>0.5</td> <td>0.5</td> <td>0.4</td> </tr> <tr> <td>Dark Teal Segment</td> <td>4.1</td> <td>3.9</td> <td>3.6</td> <td>3.4</td> <td>3.7</td> <td>4.8</td> </tr> <tr> <td><b>Total</b></td> <td><b>15.1</b></td> <td><b>9.5</b></td> <td><b>8.8</b></td> <td><b>7.6</b></td> <td><b>6.2</b></td> <td><b>11.0</b></td> </tr> </tbody> </table>	Year	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Teal Segment	10.1	8.8	8.2	7.1	5.7	6.0	Light Blue Segment	0.9	0.7	0.6	0.5	0.5	0.4	Dark Teal Segment	4.1	3.9	3.6	3.4	3.7	4.8	<b>Total</b>	<b>15.1</b>	<b>9.5</b>	<b>8.8</b>	<b>7.6</b>	<b>6.2</b>	<b>11.0</b>	<p>Moving from principles to actions</p>  <p><b>INCREASE THE EASE OF RELEVANT SKILLS TRANSFER</b></p>
Year	2017/18		2018/19	2019/20	2020/21	2021/22	2022/23																															
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<p><b>Enable low-carbon generation and demand</b></p>  	<p><b>Champion a fair and just energy transition</b></p>  	<p><b>Transparency &amp; Integrity</b></p> <p><b>Innovation</b></p>	 <p><b>PROVIDE ATTRACTIVE EMPLOYMENT PACKAGES GUARANTEEING GREEN JOBS</b></p>																																			
			 <p><b>CREATE DOMESTIC JOBS &amp; INSPIRE FUTURE NET ZERO CAREERS</b></p>																																			

# Q&A

Please email questions to [IR@sse.com](mailto:IR@sse.com)