



Sustainable Procurement Code

About This Code

SSE's supply chain enables it to deliver its business strategy and create value. SSE therefore aims to work with suppliers and contractors to ensure its key values are supported, managed and, where possible, improved through stronger relationships, innovation and enhanced management of shared risks and opportunities.

This Sustainable Procurement Code outlines the expectations and requirements on SSE's suppliers and contractors, and their supply chains, when undertaking work on SSE's behalf. This goes beyond just complying with local laws and regulations and respecting internationally recognised human and labour rights: SSE also expects values and standards around sustainability and fairness to be upheld by those working in its supply chain.

This Code is supported by a [Supplier Guidance document](#) which provides greater detail on how these requirements and expectations should be implemented by suppliers and contractors. Suppliers and contractors should be aware that SSE may require measurement, reporting and evidence of how they are meeting the expectations and requirements outlined within this Code.

About SSE

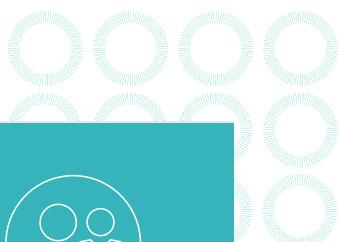
SSE plc is a UK-listed energy company that employs around 11,000 people. It develops, builds, operates and invests in low-carbon electricity infrastructure in support of the transition to net zero. This includes onshore and offshore wind, hydro power, flexible thermal generation, electricity transmission and distribution networks, and localised energy systems. It also provides energy products and services for businesses and other customers.

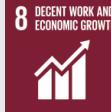
SSE's purpose is to provide energy needed today while building a better world of energy for tomorrow and its vision is to be a leading energy company in a net-zero world. In order to achieve this, SSE's strategy is to create value for shareholders and society in a sustainable way through the successful development, efficient operation and responsible ownership of energy infrastructure and businesses.

SSE has set four core business goals for 2030, directly aligned to the UN's Sustainable Development Goals (SDGs) most material to its business. Its 2030 Goals address the challenge of climate change at their core, ensuring SSE does this in a sustainable way that creates and shares value with shareholders and society.

SSE is also a partner of the Supply Chain Sustainability School which provides completely free guidance and resources on a wide range of sustainability topics for suppliers and contractors.

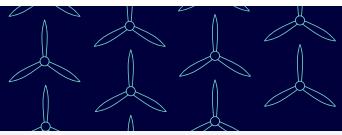
SSE 2030 Core Business Goals



Cut carbon intensity by 80%	Increase renewable energy output fivefold	Enable low-carbon generation and demand	Champion a fair and just energy transition
Reduce Scope 1 carbon intensity by 80% by 2030, compared to 2017/18 levels, to 61gCO ₂ e/kWh.	Build a renewable energy portfolio that generates at least 50TWh of renewable electricity a year by 2030.	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.	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.
			

For more information, please visit [Sustainability | SSE](#)

Ethics and Culture



SSE's [Doing the Right Thing guide to good business ethics](#) is a general guide which supports the adoption of the right values, attitudes and behaviours to contribute to an ethical business culture at SSE. The information within the guide applies to all SSE employees, as well as people employed by other organisations to work on SSE's behalf.

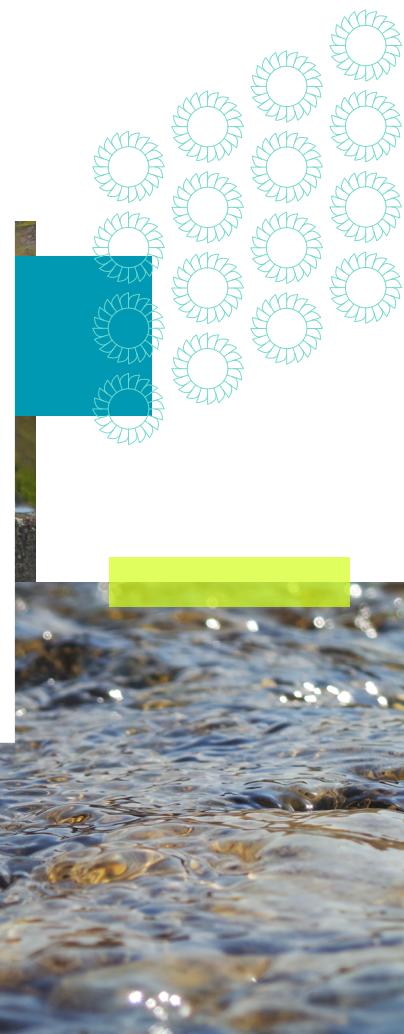
The guide covers a wide range of topics, from human rights and modern slavery, to managing data and cyber security. SSE's unwavering commitment to robust health and safety standards are also outlined. Suppliers and contractors should familiarise themselves with this guide and SSE's expectations for ethical business behaviour.

Speaking up against wrongdoings and violations of this code

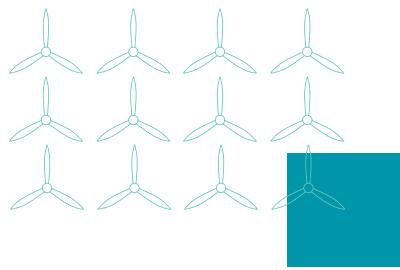
Speaking up against wrongdoing is a key element of SSE's approach to good business ethics and doing the right thing. Detailed information on how to speak up can be found in SSE's Doing the Right Thing guide to good business ethics. SSE expects its suppliers and contractors to have robust ethical business policies and guidance in place which support the creation of a healthy business culture, in which employees feel safe to speak up about suspected incidents of wrongdoing without fear of repercussion.

Anyone who believes that an SSE employee, or anyone working on behalf of SSE, has engaged in wrongdoing should report the matter immediately. This can be done by emailing SSE's independent speak up channel, SafeCall, at sse@safecall.co.uk or SSE's Security and Investigations team at speakup@sse.com or by reporting instances of criminal behaviour to the relevant authority.

Suppliers, contractors and those working on their behalf should report any specific potential violation of this Code to sustainablesuppliers@sse.com. A supplier's relationship with SSE will not be affected by an honest report of potential misconduct.



Foreword



"The business activities of SSE have never felt so important. While the responsibility to provide electricity to millions of homes and businesses in the UK and Ireland has always been important, the urgency of climate change gives added impetus. Our business purpose and our strategy are wholly focused on providing the low carbon electricity infrastructure to create a net zero electricity system and avoid the worst effects of climate change"

While SSE directly employs many thousands of people and its investment could total in excess of £24bn+ over the next decade, I know we have little chance of achieving our business goals without the support and commitment of our supply chain partners. With over 10,000 suppliers on our books, and amongst them, companies we have worked closely with for many years, this Sustainable Procurement Code is designed to help current and prospective suppliers understand – and join – SSE's strategy for sustainable growth.

Taking Climate Action

First and foremost, an unwavering commitment to cut carbon emissions is something we would expect our supply partners to share. Reducing our carbon footprint, in line with the prevailing science and consistent with a 1.5 degree world, is something we expect to be talking to suppliers about for many years to come. The bottom line is that all of our operations must be net carbon zero by 2050 at the latest and we – and our suppliers – must plan how we will get there

Fairness to People and Communities

Secondly, the scale of the transformation to net zero – for both the economy and the country – means there are implications for people and their communities. Treating employees fairly, whether they are directly or indirectly employed is a fundamental principle for SSE. Our sustainable Procurement Code sets out in detail our ambitions for the careful and close management of any human rights risk and the importance of adhering to international standards on labour rights. First class community relations must be the foundation of our development projects and sharing economic prosperity with people close to our low carbon investments continues to be an area of increasing importance to us.

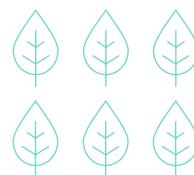
Doing the Right Thing

Finally, I want to reinforce our fundamental expectations of ethical business conduct and strongly believe quality supply relationships must be founded on integrity, honesty and mutual trust. That means there is zero tolerance in SSE of unethical business activity, and we would encourage any supplier to Speak Up in the event of wrong-doing.

I wouldn't want our supply partners to consider our Sustainable Procurement Code as a tick-box exercise, nor would I want this Code to be interpreted as a one-way exercise. In fact, I hope the exact opposite occurs and that the Code stimulates high value discussions in our client-supplier relationships in the years and decades to come.

Ronnie Fleming

Chief Procurement Officer



Taking Climate Action



SSE's strategy has addressing the challenge of climate change at its heart. Its focus on core businesses of renewable electricity generation and economically-regulated electricity networks, complemented by provision of electricity from thermal sources, allows SSE to realise the opportunities presented by the transition to net zero. SSE's 2030 goal is to reduce Scope 1 carbon intensity by 80%, compared to 2017/18 levels, to 61gCO2e/kWh.

Net Zero Carbon Emissions

SSE has a long-term goal of achieving net zero greenhouse gas (GHG) emissions across its scope 1 and scope 2 emissions by 2040 (subject to security of supply requirements) and for remaining scope 3 emissions by 2050. These net zero ambitions are supported by its interim science-based targets aligned to a 1.5oC pathway. SSE's Net Zero Transition Plan clearly sets out for our stakeholders the key actions we will take to drive progress towards these targets.

De-carbonising the energy supply chain

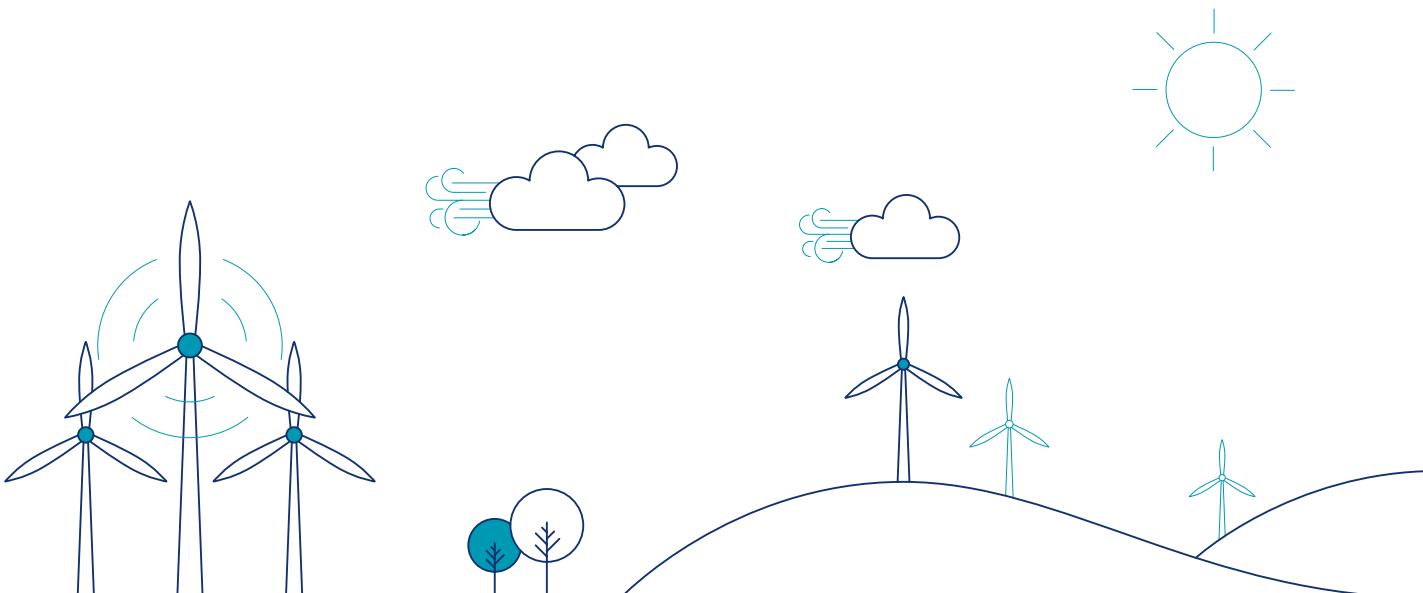
A core commitment amongst SSE's Science-Based Targets is to work pro-actively with its supply chain to set their own science-based targets so that 50% of its suppliers by spend will have a science-based target by 2024.

Climate adaptation

SSE is mindful of the ways in which the physical impacts of climate change may impact its business in the future and has a number of mitigation measures in place to ensure business continuity. in the future and has a number of mitigation measures in place to ensure business continuity.

Suppliers and Contractors are Expected to:

- actively reduce the carbon emissions across the whole life cycle of goods, works and services and offer low-carbon design alternatives when possible. Suppliers are also expected to quantify the embodied carbon in key assets and equipment for SSE such as electrical equipment, civil work and structural materials and, where possible, propose low-carbon alternatives.
- have a net zero carbon reduction strategy and associated commitment or target in place, which is in line with the latest climate science and a 1.5°C pathway.
- actively reduce impacts of climate change (i.e. physical acute and chronic impacts of climate and weather) on goods, works and services by offering climate resilient design alternatives where possible.



Protecting the Natural Environment



Delivering SSE's strategy means protecting and enhancing the environment in which it develops, constructs and operates assets. SSE has identified SDG 12 Responsible consumption and production, SDG 14 Life below water, and SDG 15 Life on land as material to its business. Its Environment Strategy is designed to ensure that environmental impacts are considered throughout SSE's operations and are carefully managed.

Environmental management and Governance

SSE employs an environmental management system (EMS) across key areas of its business that interact with the environment. It is certified to ISO14001:2015 for around 61% of its business operations, and has committed to 100% by April 2023.

Biodiversity

SSE seeks to protect and enhance valuable ecosystems, habitats and species within the areas it operates. All SSE Business Units have committed to achieving no 'net loss' in biodiversity by 2023 and 'net gain' in biodiversity by 2025 on onshore Large Capital Projects.

Responsible Consumption and Production

SSE seeks to manage the impacts of its business activities and its supply chain on the environment by promoting resource efficiency, minimising waste generation and selecting materials that have a

positive sustainable lifecycle impact. SSE seeks to advance circularity, adopt the waste hierarchy and increase recycling, while promoting diversion from landfill for any discarded materials.

Energy Management

For a company like SSE it is crucial that the energy used in its operations is used efficiently, as such, it has an annual reduction target of 7.19% against a 2020/21 baseline, to align with its ambition of achieving a net zero non-operational buildings (offices, depots and data centres) estate by 2035. This is supported by investment in energy efficiency measures and the use of 100% renewable energy in its non-operational buildings and aligns to the commitments set out in the Climate Group's global EP100 initiative, which SSE is a member of.

Water

SSE depends on water in many ways across its operations, from use

in electricity generation to being used as an amenity in its buildings. While none of SSE's core operations have an impact on water-stressed areas, SSE seeks to use water in a sustainable way and has committed to reduce its water use in buildings each year by 2.5%.

Air Quality

SSE continues to invest in operating practices and technologies that reduce or remove air pollutants and GHGs from its generation and operational processes.

Responsible Sourcing

SSE understands and is concerned about the environmental and social risks of the materials it uses through its direct activities and supply chain. The effective management of these risks requires regular risk assessment and minimum requirements around the responsible sourcing of key products and materials are detailed in the [Supplier Guidance document](#).

Suppliers and Contractors are Expected to:

- take appropriate steps to minimise the environmental impact associated with their works and comply with applicable legislative and regulatory requirements as a minimum. Key suppliers should be either ISO14001, EMAS (The EU Eco-Management and Audit Scheme) or equivalent accredited
- protect, conserve the quality of local environments and, aim to deliver biodiversity net gain in line with current legislation (such as the Environment Act 2021 or equivalent) in collaboration with SSE on qualifying projects.
- actively reduce the volume of water used on development and operational sites and monitor and, in some cases, measure the embodied water in the products bought.
- source materials, products and services responsibly, using recognised industry standards. They must meet the conditions set out, for all products, listed in SSE's Specific Materials List. They must not use materials identified on SSE's materials Black list and only use materials on SSE's materials Grey list under mitigating circumstances with clear justification to SSE.
- use resources efficiently by challenging unsustainable activities, selecting materials with sustainable lifecycle impact, utilising innovative designs and products with higher recycled or reused content and design products with an end-of-life use (such as cradle to cradle design).
- take reasonable steps to reduce, where possible, energy use on sites through direct operations and their supply chains.
- use the best practical methods to reduce or prevent emissions to air when planning or carrying out activities

Providing affordable And clean energy



SSE has an important role in supporting its customers and consumers access affordable and clean energy. SSE businesses seek to ensure the transition to net zero represents value for customers by driving down the cost of generating electricity from renewables, providing low-carbon energy solutions and green services to customers, and carefully balancing consumer interests in electricity networks business plans. SSE's 2030 goal Increase renewable energy output fivefold, building a renewable energy portfolio that generates at least 50TWh of renewable electricity a year.

Deliver value for energy customers

SSE seeks to deliver the best value and service for energy customers, ensuring that the transition to net zero is delivered in a way that represents value for money for all.

Suppliers and Contractors are Expected to:



- deliver the best value for money and work collaboratively with SSE to ensure it achieves the greatest all-round value from investments.

Investing in industry, innovation and infrastructure



Technology and innovation remain crucial to enabling a secure and affordable transition to net zero. SSE's 2030 Goal, linked to SDG 9, is to 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.

Innovation and technology

SSE seeks to work closely with its suppliers and contractors to develop the technologies, experience and skills that it needs to accelerate projects in support of net zero.

Enable low-carbon generation and demand

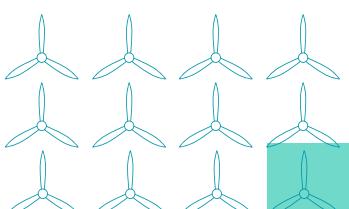
It is understood that the electricity sector will be the first to decarbonise in order to support the decarbonisation of other sectors and allow the transition to net zero at pace. SSE seeks to accelerate this decarbonisation and has an

ambitious investment plan out to 2026 focused on low-carbon electricity assets and infrastructure. SSE has set clear innovation objectives to support its 2030 goal including, creating new markets and increasing revenue, increasing efficiency and performance, minimising risk and building future capabilities.

Suppliers and Contractors are Encouraged to:



- include innovative technology solutions, where appropriate, in tender proposals and utilise green technologies on site to improve efficiencies and reduce negative impacts on the environment.
- offer lower-carbon alternatives to conventional construction and transportation methods and utilise innovative technologies and materials, where possible, in collaboration with SSE.



Committed to Decent Work And Economic Growth



Change of the scale and nature needed to achieve net zero brings social consequences, impacting people – employees, consumers, communities, suppliers, and wider society – in many different ways. SSE has a responsibility to influence those impacts positively, which is why its alignment to SDG 8: Decent Work and Economic Growth is a core strand of its strategic approach. In aligning to SDG 8, SSE has committed to being a global leader for a just energy transition to net zero, with a guarantee of fair work and commitment to paying fair tax and sharing economic value.

Health and Safety

At SSE, if it's not safe, we don't do it. The safety, health and wellbeing of employees and the people who work on the company's behalf is SSE's first priority. Above all else, everyone should get home safe. 'Safe Days' help SSE stay focused on taking care of everyone and the environment. When it comes to this – every safe day counts, and it is a key measure. On a 'Safe Day' SSE doesn't have a minor, serious or major incident (such as Reportable, Lost Time (1-7days) or Medical Treatment Injury, Major/Serious/Minor Environmental Incident/ Permit Breach, RTC Class 1, HIPOS – High potential to harm people/Environment) for either SSE employees or contractors.

Human rights

SSE has a zero tolerance of modern slavery in all its forms in its own business and supply chain and is committed to reducing human rights risk to as low as reasonably practicable. This means not using forced labour, servitude, slavery, human trafficking, debt bondage, forced or servile marriage, descent-based slavery or child labour, and the right to freedom of association and collective bargaining is respected. SSE's approach and activities to identify and prevent modern slavery and human trafficking are outlined in its [Modern Slavery Statement](#).

Corruption and financial crime prevention

SSE has zero tolerance towards corruption, fraud and criminality (including financial crime), and the giving or receiving of bribes for any purpose. It seeks to minimise the Group's (including its directors' and employees') exposure to bribery, corruption and financial crime and maintain a culture where bribery or corruption is never acceptable.

Employee voice

SSE respects the right of employees to join independent trade unions,

have collective bargaining agreements and freedom of association. It also seeks to have open and two-way dialogue with employees, actively listening to understand what matters to employees to inform and shape the improvements needed.

Inclusion and diversity

SSE respects the right of employees to join independent trade unions, have collective bargaining agreements and freedom of association. It also seeks to have open and two-way dialogue with employees through a number of engagement channels.

Inclusion and diversity

SSE is committed to creating a work environment that allows everybody to thrive, and providing support and a sense of belonging for everyone. It is implementing an Inclusion Strategy, which focuses on bringing those from diverse backgrounds to come in to the company, encouraging them to stay on at SSE and supporting them to move up. The strategy focuses on inclusion for all and includes four key areas: (1) Ambition; (2) Education and Development; (3) Inclusive Processes; and (4) Employee Voice.

Local supply chains

SSE is committed to ensuring that real economic and social benefits flow to local businesses as a result of its investment in new energy infrastructure. It aims to promote sustainable domestic employment, increased local content and more competitive domestic supply chains. It does this through engagement with its suppliers as well as government, regulators and trade unions.

Skills development and learning

SSE invests millions of pounds each year in skills development and learning programmes to ensure it has the skills needed for a net zero future. This includes everything from investing in early career

programmes such as apprenticeships, trainee programmes and graduate programmes, to developing future leaders across its business. SSE was also one of five companies to develop the industry-wide [Skills Accord](#).

The real Living Wage and Living Hours

SSE has been a UK Living Wage accredited employer since 2013, paying the voluntary real Living Wage rate to its employees and those that work regularly on its behalf in the UK. It also pays the Irish Living Wage to its employees in Ireland. In addition, in 2021 SSE was proud to be one of the first companies to achieve Living Hours accreditation, underlining its commitment to providing workers with secure, guaranteed working hours alongside a real Living Wage.

Community engagement

SSE's support to communities in the areas where it operates is long-standing. Through a range of community investment and charitable giving programmes, SSE invests millions of pounds and euros across the UK and Ireland. It also has dedicated Community Liaison Managers who are employed to engage with community members close to its developments and assets.

Payment of fair tax

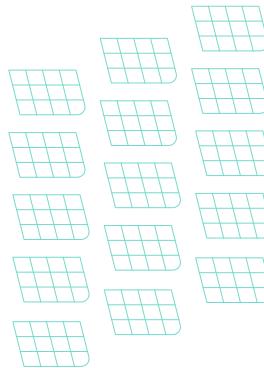
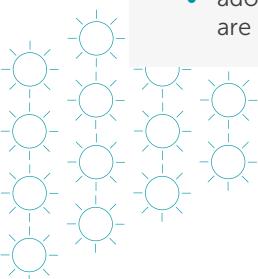
SSE is a proud Fair Tax Mark accredited company and fully committed to paying the right amount of tax, in the right place, at the right time. It explicitly rules out the use of tax havens or an aggressive approach to tax avoidance, and discloses extensively on its tax affairs and payment of taxes.

Prompt payment

SSE has voluntarily signed up to the obligations of the Prompt Payment Code which is accredited by the Institute of Credit Management. SSE is committed to the principles outlined within the Code and to the fair treatment of all suppliers.

Suppliers and Contractors are Expected to:

- respect SSE's health and safety culture, which is underpinned by our safety family values, and implement the highest of health, safety and wellbeing standards for workers.
- implement the requirements detailed within SSE's Human Rights and Modern Slavery Clause and have a transparent, proactive and robust approach to tackling labour exploitation and human rights abuses by understanding the risks, and taking action to mitigate these risks, in their direct and supply chain operations.
- where relevant, have robust policies in place which cover collective bargaining and wider fairness at work measures.
- as a minimum, respect the people they employ directly or indirectly and offer a workplace that is free from discrimination, harm, intimidation, harassment or fear. Beyond this, suppliers and contractors should take steps to encourage greater inclusion and diversity within their workforce, ensuring policies and processes are inclusive to support every
- have measures in place to maximise opportunities for local people and businesses close to SSE sites and the wider region.
- have in place education and employability programmes which promote the development of employee skills as well as local employment, including graduate programmes and apprenticeships.
- pay the enhanced voluntary real Living Wage rate as set by the UK's Living Wage Foundation, and provide secure, guaranteed working hours in line with Living Hours requirements, to relevant employees contracted or subcontracted in the UK, subject to the conditions detailed within SSE's Living Wage and Living Hours Clause.
- form constructive local relationships so that communities have the opportunity to directly benefit from significant capital investments.
- implement the requirements of SSE's Anti-Corruption and Bribery Clause and have controls in place to manage the risks and comply with legal and regulatory obligations.
- abide within both the spirit and letter of applicable tax laws and, where possible, to consider the standards of tax disclosure set by the independent Fair Tax Mark.
- adopt an approach which provides all parties with quick resolution of invoices and ensure queries or issues are managed effectively



Powering Net zero pact

The Powering Net Zero Pact ("the Pact") is a new initiative created by SSE with 10 other founding partners as a legacy of COP26. The Pact brings together companies across all tiers of the power sector globally – including civils, shipping, renewables, electrical engineering, and others – to achieve a fair and just energy transition to net zero.



Over a six-month period, the 11 founding partner companies of the Pact – which, alongside SSE, includes: Balfour Beatty; DEME Group; GE Renewables; Hitachi Energy; NKT; RJ McLeod; Siemens Energy; Siemens Gamesa; Subsea 7; and Vestas – met on a regular basis to agree areas of focus, shared commitments, and topics for future collaboration.

The Pact focuses on five areas of ambition: achieving net zero carbon emissions; protecting and enhancing the natural environment; transitioning to a circular economy; guaranteeing fair work and sustainable jobs; and adding value to local communities. Each area of ambition has a shared commitment and area for collaboration that aim to deliver tangible action.

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

To sign up to the pact, Companies must:



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

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



Supporting documents And resources

SSE Links

- [Sustainable Procurement Code: Supplier Guidance](#)
- [Annual Report](#)
- [Sustainability Report](#)
- [Supporting a Just Transition](#)
- [Modern slavery statement](#)
- [Doing the right thing](#)
- [SSE Group Procurement Policy](#)
- [SSE Group Human Rights Policy](#)

External Websites

- [CDP Climate Change Programme](#)
- [CDP Water Programme disclosure](#)
- [Science Based Targets initiative](#)
- [Prompt Payment Code](#)
- [Considerate Constructors Scheme](#)
- [Living Wage Foundation](#)
- [Irish Living Wage Technical Group](#)
- [Supply Chain Sustainability School](#)
- [The Skills Accord](#)