

MODERN SLAVERY STATEMENT 2020

Detailing the steps taken by SSE plc to mitigate
the risk of modern slavery within its direct
and supply chain operations



ABOUT SSE

SSE is a UK-listed energy company involved principally in the generation, transmission and distribution of electricity; and also in the supply of electricity, gas and related services to customers. It directly employs around 12,000 people in the UK and Ireland. Read more about SSE's business on pages 2 to 4.

ABOUT THIS STATEMENT

This is SSE's fifth Modern Slavery Statement ('the Statement') responding to the requirements of the Modern Slavery Act 2015 ('the Act'). This statement is made pursuant to section 54(6) of the Act and constitutes SSE's slavery and human trafficking statement for the financial year ending on 31 March 2020.

SSE has zero tolerance of modern slavery in all its forms and has a responsibility to understand the risks within its own business and supply chain and ensuring ongoing management of those risks.

SSE supports and is fully committed to upholding the UN Guiding Principles on Business and Human Rights, the aims of the UN Sustainable Development Goals, the principles underpinning the UN Global Compact, of which it is a signatory, the International Bill of Human Rights and the fundamental rights set out by the International Labour Organisation's Declaration on

Fundamental Principles and Rights at Work.

Since it published its first Modern Slavery Statement in 2016, SSE has aimed to be increasingly transparent about its approach to modern slavery whilst also ensuring this approach continues to develop. SSE actively encourages feedback on the content of this Modern Slavery Statement from its stakeholders. Please get in touch by emailing sustainability@sse.com.

This statement sets out the steps taken by SSE between 1 April 2019 and 31 March 2020 to identify and prevent modern slavery and human trafficking existing within its business and supply chains.

The full list of SSE subsidiaries covered by the SSE plc Modern Slavery Statement is provided on pages 13 and 14. All of SSE's previous Modern Slavery Statements can be found on sse.com/sustainability/policies-assurances.

At the time of publication, the coronavirus pandemic is dominating business activity and society. It is too early to understand the full consequences of this crisis; however SSE is aware of the potential implications for human rights violations and the exploitation of workers, and understands that this must be an area of focus over coming months and years.

This statement was approved by the SSE plc Board of Directors on 16 June 2020.

Signed by:



Gregor Alexander
Finance Director, SSE plc

WHAT IS MODERN SLAVERY?

The definition of modern slavery is broad and includes forced labour, servitude, slavery, human trafficking, debt bondage, forced or servile marriage, descent-based slavery and child labour.

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A BUSINESS WITH PURPOSE

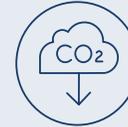
SSE's purpose is to provide energy needed today while building a better world of energy for tomorrow; and its vision is to be a leading energy company in a net-zero world.

Its strategy is to create value for shareholders and society through developing, operating and owning principally electricity assets and businesses in a sustainable way. In line with its strategy, and with its vision of being a leading energy company in a net-zero world, SSE has set four business goals for 2030, aligned to the United Nations' Sustainable Development Goals.

All of this is underpinned by the SSE SET of core values designed to guide decisions and actions in SSE: Safety, Service, Efficiency, Sustainability, Excellence and Teamwork.

SSE'S BUSINESS GOALS FOR 2030

Cut our carbon intensity by 60%



Reduce the carbon intensity of electricity generated by 60% by 2030, compared to 2018 levels, to around 120gCO₂/kWh.



Treble renewable energy output



Develop and build by 2030 more renewable energy to contribute renewable output of 30TWh a year.



Help accommodate 10m electric vehicles



Build electricity network flexibility and infrastructure that helps accommodate 10 million electric vehicles in GB by 2030.



Champion Fair Tax and a real Living Wage



Be the leading company in the UK and Ireland championing Fair Tax and a real Living Wage.



SSE'S VALUES

Safety

If it's not safe, we don't do it.



Service

We are a company that customers can rely on.



Efficiency

We focus on what matters.



Sustainability

We do things responsibly to add long-term value.



Excellence

We continually improve the way we do things.



Teamwork

We work together, respect each other and make a difference.



UNDERTSANDING SSE'S BUSINESS MODEL

SSE's business model is founded on its purpose, vision and strategy, underpinned by the four strategic pillars of: creating value for shareholders and society; successful development, efficient operation and responsible ownership; focusing on the electricity core; and delivering in sustainable way. SSE fulfils its purpose, works towards its vision and executes its strategy through an evolving group of principally electricity businesses. These businesses have a core or complementary role in enabling the transition to net-zero emissions. SSE has three core businesses – SSEN Transmission, SSEN Distribution and SSE Renewables – with six complementary businesses. An overview of these businesses is provided below. The operation of these businesses is supported by Group corporate functions which accounted for around 15% of Group supply chain expenditure over 2019/20 and employed 1,641 people at 31 March 2020.

The breakdown of subsidiaries covered by this Statement, categorised by their country of incorporation, SSE's holding in the company and principal activity, can be found on page 13 and 14. Further detail of SSE's structure and the businesses it operates can be found on sse.com/what-we-do.

<p>SSEN TRANSMISSION</p> <p>SSEN Transmission owns, operates and maintains the electricity transmission network in the north of Scotland.</p> <p><u>2019/20 profile</u></p> <p>Number of people employed at 31 March 2020: 511</p> <p>Proportion of Group supply chain expenditure: ~10%</p>	<p>SSEN DISTRIBUTION</p> <p>SSEN Distribution owns, operates and maintains the electricity distribution network in the north of Scotland and central southern England.</p> <p><u>2019/20 profile</u></p> <p>Number of people employed at 31 March 2020: 3,783</p> <p>Proportion of Group supply chain expenditure: ~15%</p>	<p>SSE RENEWABLES</p> <p>SSE Renewables develops, constructs, operates and owns assets that generate electricity from renewable sources.</p> <p><u>2019/20 profile</u></p> <p>Number of people employed at 31 March 2020: 940</p> <p>Proportion of Group supply chain expenditure: ~15%</p>	<p>SSE ENERGY SERVICES (NOW PART OF OVO ENERGY LTD)</p> <p>SSE Energy Services supplies energy and related services to household customers across Great Britain. In September 2019 SSE entered into an agreement to sell its SSE Energy Services business to OVO Energy Ltd. The transaction was completed in January 2020.</p> <p>While this transaction has clearly brought significant change these for employees, OVO has recognised credentials as a good employer and this was one of the considerations during the discussions about the future of SSE Energy Services outside of the SSE Group.</p> <p>Activities detailed within this Statement to mitigate the risk of modern slavery cover SSE Energy Services until the date of the transaction with OVO Energy Ltd.</p> <p><u>2019/20 profile</u></p> <p>Number of people employed: ~8,000</p> <p>Proportion of Group supply chain expenditure: ~10%</p>
<p>SSE THERMAL</p> <p>SSE Thermal generates electricity from thermal sources in a reliable and flexible way, supporting the electricity systems in GB and Ireland.</p> <p><u>2019/20 profile</u></p> <p>Number of people employed at 31 March 2020: 576</p> <p>Proportion of Group supply chain expenditure: ~5%</p>	<p>SSE BUSINESS ENERGY (GB)</p> <p>SSE Business Energy (GB) provides a route to market for the output from SSE's renewables and thermal businesses, and provides the sustainable energy services that customers increasingly seek.</p> <p><u>2019/20 profile</u></p> <p>Number of people employed at 31 March 2020: 776</p> <p>Proportion of Group supply chain expenditure: <5%</p>	<p>SSE ENTERPRISE</p> <p>SSE Enterprise provides innovative energy and utility services solutions.</p> <p><u>2019/20 profile</u></p> <p>Number of people employed at 31 March 2020: 3,071</p> <p>Proportion of Group supply chain expenditure: ~15%</p>	
<p>GAS STORAGE</p> <p>Thorough its gas storage business, SSE owns and operates large underground caverns in which gas is stored.</p> <p><u>2019/20 profile</u></p> <p>Number of people employed at 31 March 2020: 80</p> <p>Proportion of Group supply chain expenditure: <5%</p>	<p>SSE AIRTRICITY</p> <p>SSE Airtricity provides energy and related services to households, businesses and public sector organisations across the island of Ireland.</p> <p><u>2019/20 profile</u></p> <p>Number of people employed at 31 March 2020: 599</p> <p>Proportion of Group supply chain expenditure: <5%</p>	<p>ENERGY PORTFOLIO MANAGEMENT (EPM)</p> <p>EPM delivers value adding energy trading services or business units in SSE and external customers.</p> <p><u>2019/20 profile</u></p> <p>Number of people employed at 31 March 2020: 156</p> <p>Proportion of Group supply chain expenditure: <5%</p>	

AN OVERVIEW OF SSE'S DIRECT AND SUPPLY CHAIN WORKFORCE

OPEN DISCLOSURE

SSE publishes extensive information about its workforce and supply chain within its Annual Report and Sustainability Report which can both be found on [sse.com](https://www.sse.com). SSE has also been a supporter and contributor to the Workforce Disclosure Initiative (WDI) since its pilot in 2016.

The WDI is an investor-backed questionnaire of companies' management of workers in their direct operations as well as their supply chains. The WDI has grown quickly since its pilot and is now supported by around 140 major investor signatories with more than \$15 trillion in assets under management. In 2019, SSE's WDI submission was in the top 10% in terms of disclosure levels.

DIRECT WORKFORCE

Everyone that works for SSE directly is based in either the UK and Ireland. At 31 March 2020, SSE had 12,133 direct employees who work across offices, depots, operational sites and construction sites. Just under 92% were based in the UK and 8% were based in Ireland. Until January 2020, SSE also employed around 8,000 people through SSE Energy Services, which is now owned by OVO Energy Ltd. All of these employees were based in the UK.

Given the nature of SSE's business and operations, SSE's workforce tends to be highly skilled with employment terms and conditions to match. At 31 March 2020, SSE's employees had an average length of service of 11.1 years (10.2 years including SSE Energy Services employees) and 91.4% of employees were on permanent contracts (95.1% including SSE Energy Services employees). A median employee's earnings was £40,908 and each employee received an average of 24.9 hours of training (23.4

including SSE Energy Services employees) over the year. Women comprised 25.1% (31.5% including SSE Energy Services employees) of SSE's workforce on 31 March 2020.

CONTINGENT WORKFORCE

On 31 March 2020, SSE had a contingent labour force of 2,335 people, with just under 89% of these individuals working in the UK and 11% in Ireland. These are people who are not directly employed by the company but carry out work using SSE's IT systems and/or on SSE premises as consultants, temporary agency workers and contractors.

SUPPLY CHAIN WORKFORCE

SSE spends c.£2.5bn annually through its supply chain with around 10,000 tier 1 suppliers. The nature of SSE's business means that it is involved in several large infrastructure projects as well as operations at different stages during a given year – from pre-planning and design, to development, planning, construction and operation. This means that the type and volume of goods and services SSE purchases can vary significantly, for example from office cleaning and security to on-site civils works and the purchase of offshore wind turbines, across a wide spectrum of annual spend.

Due to the nature of SSE's operations, the number of workers within its supply chain will also vary substantially throughout the year. Although it is not possible to directly monitor worker numbers throughout its supply chain, SSE has worked with PwC since 2011/12 to better understand the supply chain of its activities. In 2019/20, SSE's activities supported a total of 86,780 jobs across the UK and Ireland. These reports can be found on [sse.com/sustainability/reporting](https://www.sse.com/sustainability/reporting).

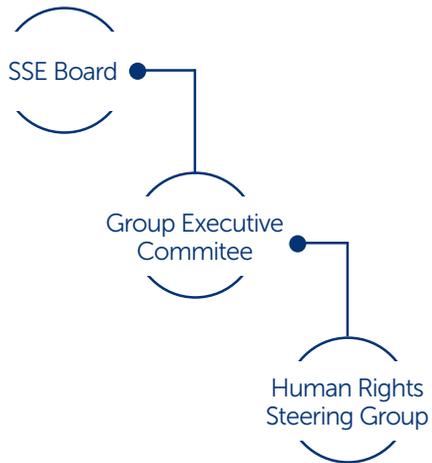


|| GOVERNANCE AND POLICY

GOVERNING SSE'S MODERN SLAVERY APPROACH

SSE's Human Rights Steering Group is chaired by SSE's Chief Sustainability Officer and includes representatives from Sustainability, Procurement, Quality, HR and Safety. The Chief Sustainability Officer reports on progress to the Group Executive Committee and annually SSE plc Board reviews and considers SSE's approach to modern slavery and its annual Modern Slavery Statement.

The SSE plc Board and Group Executive Committee are responsible for the oversight of SSE's Group Policies including the approval of any changes to the policies. These policies are reviewed annually as part of an evaluation process. The Group Executive Committee supports the relevant policy owners and makes sure that the policy is adhered to through awareness, training and monitoring of policy implementation. Incidents and breaches are reviewed and where appropriate opportunities for improvement are actioned.



POLICIES AND STANDARDS

SSE has a comprehensive framework of policies and standards which provide the values base from which SSE's approach to ethical business and employment practices, and specifically human rights, is governed. The below documents were in place over 2019/20, and published on the SSE website, however several were reviewed and refreshed over the year, with plans for implementation or further review in 2020/21. Further information on these reviews is detailed below.

- SSE's Doing the right thing: A guide to ethical business conduct for SSE employees sets out the behaviours and principles of behaviour at SSE.
- SSE's Human Rights Policy describes the company's approach to being responsible to its employees and people employed in its supply chain.
- SSE's Speak Up (Whistleblowing) Policy supports employees to speak up and report any wrongdoing.
- SSE's Safety and Health Policy outlines SSE's commitment to the prevention of injury and ill health associated with its activities.
- SSE's Employment Standards Policy underpins SSE's commitment to being a responsible employer.
- SSE's Anti-Bribery and Corruption Policy summarises the company's commitment to financial integrity and ethical behaviour.

- SSE's Procurement Policy communicates SSE's approach to procurement, including sustainable and ethical supply chains and modern slavery risk.
- SSE's Responsible Procurement Charter describes the approach it takes to managing modern slavery in its supply chain and sets out its expectations of its supply chain partners.

During 2019/20, SSE undertook an in-depth review of its Group Policies and its Doing the Right Thing guide to ethical business conduct to ensure that they: are up-to-date with current and emerging issues; align with SSE's agreed purpose, refocused strategy and established values; and meet the needs and expectations of SSE's key stakeholders.

The relevant new policies and employee guide will be published in 2020/21 on www.sse.com/sustainability/policies-assurances. Modern slavery is explicitly referenced within the new: Group Human Rights Policy; Group Procurement Policy; Group Corruption and Financial Crime Prevention Policy; and Group Joint Venture Policy. A section on modern slavery and human rights is also included in the new employee guide to ethical decision making.



ASSESSING THE RISK OF MODERN SLAVERY

CONSIDERATION WITHIN THE GROUP PRINCIPAL RISKS

SSE's Group Principal Risks outline the core uncertainties the company must manage and mitigate to meet its strategic objectives. Human rights and modern slavery is considered within the Group Principal Risks, which are reviewed on an annual basis by the SSE plc Board. It is considered directly under the 'Large Capital Projects Quality' risk, and indirectly within the 'People and Culture', 'Safety and Environment' and 'Politics, Regulation and Compliance' risks.

DESK-BASED RISK ASSESSMENT OF TIER 1 EXPENDITURE

Each year SSE carries out a desk-based modern slavery risk assessment of its tier 1 expenditure¹. This maps modern slavery risk to SSE's tier 1 procurement expenditure based on industry and category of spend.

The 2019/20 risk assessment showed that just over 1% of supply chain expenditure was in industries and spend categories which both were assessed as having a high risk of modern slavery. Higher value examples include tree-cutting, scaffolding and the purchase of wood poles. Just under 5% of spend was in medium risk spend categories and also in high risk industries, and 1% was in medium risk industries and also in high risk spend categories.

These findings help inform action for the future, however SSE is aware this desk-based assessment has limitations and additional action is required:

- SSE understands this assessment at a tier 1 level does not reflect the full supply chain and where the work is actually carried out, for example higher value electricity components which are often manufactured overseas. That is why SSE is continuing to progress its approach to understanding modern slavery risk within its supply chain through pro-active engagement with suppliers (page 7, page 10 and page 11) and will continue to develop this further over 2020/21.
- As a result of the gap analysis of SSE's procurement processes against the ISO:20400 sustainable procurement guidance standard by Action Sustainability (see case study on page 10), SSE is undertaking a process of creating a risk heat map by every spend category of its supply chain across a number of different areas of sustainability, including modern slavery. The updated modern slavery risk mapping, which will be completed and used in 2020/21, will better inform SSE's understanding of modern slavery risk across its supply chain. More importantly however, it will also result in a more targeted approach to gathering information and taking action on modern slavery at each stage of SSE's procurement process.

¹This includes some expenditure on SSE's joint venture projects where SSE is responsible for the procurement of goods and services.



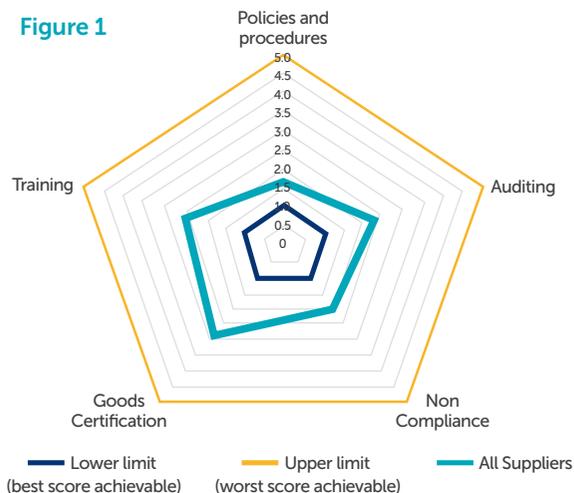
WORKING WITH STRATEGIC SUPPLIERS TO UNDERSTAND RISK

While SSE's desk-based risk assessment is useful for providing some understanding of the risk profile of SSE's supply chain, SSE recognises that this approach can only provide a partial view of modern slavery risk. SSE's tier 1 expenditure does not reflect the full supply chain of some of the goods it purchases, for example higher value electricity components which are often manufactured overseas.

In its Modern Slavery Statement 2019, SSE reported that it had undertaken a detailed risk assessment with its strategic suppliers to begin to go beyond tier 1 risk analysis.

Expenditure with these suppliers comprised around 35% of total procurement spend for 2018/19. The questionnaire focused on understanding these suppliers' approach to managing their direct and supply chain risk relating to modern slavery. For example, through reviewing if appropriate policies and processes are in place and if they undertake audits, modern slavery focused training and risk assessments.

Figure 1 shows the outcome of this risk assessment. Each answer was scored from 1-5, with 1 indicating robust practices in place and 5 indicating very poor or non-existent practices in place.



As expected given the scale of the suppliers which SSE engaged with and the nature of the goods and services SSE procures from them, the risk assessments confirmed SSE's expenditure with these companies is generally low risk.

A small number of potential medium risk areas were however identified and so, over 2019/20, one-to-one feedback sessions were offered to all suppliers which completed this assessment.

Eight feedback sessions held over the year between SSE and its strategic suppliers to discuss the results of their risk assessment and share learning and best practice on modern slavery risk mitigation.

The suppliers expressed that, while this assessment had been time-consuming due to the detail required, it had been a positive and useful exercise for them; providing motivation to assess and question their current practices as well as showcase some of their initiatives.

The commitment by SSE to understand its modern slavery supply chain risk through an extensive questionnaire, rather than a tick box exercise, was considered leading by its suppliers. SSE will continue to engage with these suppliers, and its other strategic suppliers, on modern slavery on an ongoing basis.

CASE STUDY: INFLUENCING SUPPLIER BEHAVIOUR

As a direct result of being allocated a medium risk score in the detailed risk assessment carried out by SSE in 2018/19, one of SSE's strategic suppliers, RJ McLeod, took action to develop their approach to modern slavery. This included:

- Commissioning modern slavery awareness training courses by a recognised trainer with expertise in this field. Two full day sessions were held with senior staff members who have a direct influence over work on sites;
- Holding internal workshops on modern slavery for employees who had not attended the external training;
- Issuing a modern slavery questionnaire to around 50 suppliers and sub-contractors, with a commitment to develop this questionnaire further and issue it again next year; and
- Commitment to future actions: the inclusion of reference to modern slavery in site inductions; toolbox talks held on modern slavery each year; guidance issued to employees about what they should do if they suspect modern slavery; and modern slavery posters put up on sites in languages relevant to the workers on that site.

This outcome demonstrates the importance of strong relationships and meaningful engagement with suppliers. SSE will continue to work closely with RJ McLeod to understand how their modern slavery approach is progressing.

"We take Modern Slavery issues very seriously and working with SSE's team helped us modify existing procedures as well as provide a clearer focus on new initiatives."

Bruce Clark, Joint Managing Director, RJ McLeod

EMPLOYMENT STANDARDS AND PRACTICES

RESPONSIBLE EMPLOYER ETHOS

SSE has a well-established responsible employer ethos, which focuses on developing its workforce from within, limiting out-sourcing where possible, and creating an inclusive culture where employees are treated with fairness and respect. SSE openly discloses extensive information about its workforce policies, practices and processes within its Annual Report and Sustainability Report.

COLLECTIVE BARGAINING AND FREEDOM OF ASSOCIATION

SSE respects the right to freedom of association and the right to join a trade union for all employees. SSE has mechanisms in place to support respectful and constructive dialogue with employees and their representatives. The Joint Agreement is the main collectively bargaining agreement which applies to a wide range of employees up to middle management level across all areas of the business. A Joint Negotiating and Consultative Committee (the JNCC) comprising of SSE, Unite, Unison, Prospect and GMB agree terms and conditions of the Joint Agreement on employees' behalf including those relating to employment practices.

VERIFICATION AND VETTING

SSE ensures that the right to work is evidenced for all workers in line with Government requirements. SSE also sets the expectation that contractors and staffing agencies are subject to the same standards, assigning business managers with responsibility to ensure they are satisfied that the required verification and vetting of workers has taken place.

HEALTH AND SAFETY

SSE's aim is to make sure everyone gets home safely. In SSE's 2019 employee engagement survey, 96% of SSE's workforce said they understand that at SSE, if it's not safe – we don't do it. SSE believes that stringent safety measures on its sites reflect a wider approach to protecting the people that work for it.

SSE has very high safety standards for both direct workers and contractors, and reported good and improving safety performance across both groups over 2019/20. The total number of injuries was 71, compared to 82 over 2018/19, and the severity of the incidents also reduced with one incident during 2019/20 that would be considered life changing compared to three incidents during 2018/19.

SSE also performs monthly checks to review information around the amount of overtime being worked by SSE employees across different areas of the business. Each business implements a process to monitor and manage the working hours of employees to control fatigue risks from excessive working.

SAFEGUARDING

SSE is committed to safeguarding and promoting the welfare of all employees. The company has a Safeguarding Policy in place to ensure the safety of all apprentices aged under 18 years old when working, learning, travelling and when in residential accommodation provided by SSE. Specific guidance is provided within the policy in relation to the protection and welfare of vulnerable young people.

THE LIVING WAGE

SSE has been a committed Living Wage employer in the UK since 2013 and paid the Irish Living Wage since 2016. Checks are carried out by payroll every month to ensure that SSE remains compliant with its own voluntary commitment to paying the real Living Wage.

All supply chain workers that work regularly on SSE sites in the UK must also receive at least the real Living Wage rate. Whistleblowing channels exist for any supplier or contractor to contact SSE if they believe they should be receiving the Living Wage and are not. Over 2019/20, these channels were used to highlight that one contractor employing people at one of SSE's sites were paying employees the national living wage rather than the real Living Wage. This issue was immediately investigated by the SSE team. The contractor agreed to increase the wage rate to the real Living Wage and backdate pay for employees who had been receiving the lower rate of pay.



RAISING AWARENESS; PROMOTING AN OPEN CULTURE

TRAINING AND AWARENESS RAISING

As highlighted in SSE's Modern Slavery Statement 2019, at the end of 2018/19 SSE commissioned the modern slavery charity Unseen to provide a half-day training session to raise awareness of modern slavery risks. Employees from SSE's Sustainability, Quality, Safety, Procurement, Risk, Transmission, Wholesale, Enterprise, HR, Group Security, Audit and Communications departments attended the training session, which focused on the scale of the issue in the UK and globally, how modern slavery can present itself and what the risk to an organisation like SSE is as well as how it can be mitigated. Given the level of detail provided during the training session provided by Unseen in 2019, SSE concluded that modern slavery training during 2019/20 for this group was not required. However, the roll-out of training for other employees – in particular project managers – is a key priority for SSE over 2020/21.

Over 2019/20, SSE's Procurement department set up a resource centre for all procurement employees to access relevant information on modern slavery and improve their understanding of this topic on a continual basis.

'Doing the right thing: A guide to ethical business conduct for SSE employees' is designed to help everyone in SSE do the right thing across a wide range of important business issues, including human rights. All SSE employees have been sent this booklet and all new employees are sent a copy when joining SSE. SSE also has mandatory Ethics and Compliance Training eLearning courses in place for all SSE employees, covering issues with bribery and corruption, business separation and competition law.

CHANNELS FOR SPEAKING UP

Individuals can speak up about incidents or suspected incidents of wrongdoing at SSE through both internal and external 'speak up' whistleblowing channels, with reports able to be made anonymously through SSE's externally hosted speak up channel, Safecall. When incidents are reported, either internally or externally, they are referred to SSE's Group Security and Investigations team and each case is fully investigated. Any person working for SSE, whether they are directly employed by SSE, employed by one of SSE's joint ventures, or employed to work on one of SSE's sites can use SSE's whistleblowing channels.

Over calendar year 2019, 188 Speak Up contacts were made: a significant increase from 112 reports over 2018. SSE believes that, rather than an increase in wrongdoing, this is a reflection of a targeted communications campaign over the year to encourage employees to speak up. This included an all-employee maildrop with a letter from SSE's Chief Executive about why speaking up matters for SSE, with details of how to report wrongdoing through SSE's speak up channels. SSE's 2019 employee engagement survey showed that 89% of employees said that if they had a concern regarding wrongdoing or unethical behaviour within SSE, they would speak up. This is 22% above the average across the Utilities sector.

SSE implements a policy of 'Listen, Act, Protect' for Speaking Up and was one of the first major companies to implement an after-care programme for those people that make contact. This is designed to gain feedback and improve future processes to further support employees to speak up.

SSE's updated Modern Slavery Clause (see page 10) also now includes a requirement that suppliers and contractors provide a channel for people to speak up if they suspect modern slavery or human rights abuses when working on behalf of SSE.



MITIGATING SUPPLY CHAIN RISK

MODERN SLAVERY SUPPLIER REGISTRATION AND PRE-QUALIFICATION QUESTIONS

All potential new suppliers must register on SSE's Supplier Registration System (SRS) which includes sign-on to SSE's Responsible Procurement Charter. The Charter sets out SSE's zero-tolerance approach to modern slavery within direct operations and supply chains. Approximately 7,000 potential SSE suppliers have now signed on to the principles and expectations of SSE's Responsible Procurement Charter. Suppliers are instructed that they should report any potential violation of the Charter directly to rpc@sse.com.

For those suppliers who progress onto the Utilities Vendor Database (UVDB), a portal for suppliers in the utilities industry, questions relating to their approach to modern slavery risk within their own organisation and supply chain must be completed with documentation uploaded as appropriate. UVDB is operated by Achilles Information Limited, who also conduct independent audits of certain suppliers registered on the system against the information they have provided in the questionnaire.

During 2019/20, SSE's procurement team also took additional steps when tendering for work related to SSE's major offshore wind farm developments to help ensure appropriate measures were in place to mitigate the risk of modern slavery related to these projects (see page 11). This included asking potential suppliers additional questions about ensuring compliance with SSE's Living Wage commitment and about how these suppliers identify, monitor and mitigate modern slavery risk within their direct operations and supply chains.

CASE STUDY: ASSESSING SSE'S PROCUREMENT APPROACH AGAINST BEST PRACTICE

During 2019/20, SSE commissioned external experts Action Sustainability to undertake a full gap analysis of its existing procurement approach against the ISO:20400 sustainable procurement guidance standard. This analysis included a desk-based assessment of SSE's current policies, procedures and practices and interviews carried out with more than 20 procurement, HR and sustainability professionals.

The recommendations made by Action Sustainability have now informed the basis of SSE's sustainable procurement strategy which seeks to embed sustainable practices through every stage of its procurement processes. More information on this can be found within the Sustainability Report 2020.

Critically, the implementation of this strategy will further develop SSE's approach to understanding modern slavery risk throughout its supply chain and better enable it to manage this risk appropriately.

CONTRACTUAL CLAUSES

SSE currently includes two relevant clauses within its procurement contracts to help mitigate the risk of modern slavery and hold suppliers accountable for ensuring they are taking appropriate action:

- **Modern Slavery Clause:** SSE's Modern Slavery Clause has been included in all new goods, services and works contracts issued since 2016. This clause explicitly states that the contractor must ensure that no slavery or human trafficking takes place or has taken place within their own business and in any part of its supply chains. In line with its own standards, in 2019/20 SSE updated its Modern Slavery Clause to explicitly rule out the imposition of any financial burdens, such as withholding wages or imposing recruitment fees, on workers. It further strengthened the Clause to require that workers are informed of and have access to a means for reporting an actual or suspected instance or risk of slavery or human trafficking when work is being undertaken for SSE. As noted on page 9, individuals working on SSE's behalf are able to access SSE's whistleblowing channels.
- **Living Wage Clause:** SSE's Living Wage Clause has been included in all new services and works contracts issued since 2014. It requires that the real Living Wage is paid to employees throughout every tier of SSE's supply chain when they are providing services regularly on SSE sites or to SSE's customers on its behalf in the UK. Over 2019/20, the Living Wage Clause was reviewed and updated to ensure that it covers activities related to SSE's offshore wind projects and to extend SSE's ability to check compliance with the Clause.

The completion of a checklist by SSE's Procurement department ensures that suppliers are properly registered and that contracts feature the relevant clauses. Where evidence emerges of a supplier's non-compliance with its contractual obligations, SSE will invoke its rights under the contract to investigate and remedy non-compliance.

GATHERING INFORMATION ON MAJOR PROJECTS

SSE has a pipeline of major infrastructure construction projects and over 2019/20 used this as an opportunity to develop a pilot for gathering detailed sustainability information throughout construction from its principal contractors on these projects. Together the sustainability and procurement teams developed a set of questions designed to measure progress and impact on a wide range of sustainability topics, including modern slavery. The information requested relating to modern slavery is shown below.

- Outline initiatives undertaken to identify and protect your direct and supply chain workers on site from potential instances of human rights violations. This may include activities such as on-site audits, whistleblowing channels and human rights training for site managers and employees.
- Outline initiatives undertaken to identify protect workers involved in the supply of goods and services purchased for this project from potential instances of human rights violations.
- Please provide information on human rights grievances raised on site or relating to the supply of goods for this project.

The principal contractors will be required to provide this information on a regular basis to SSE, enabling SSE to track actions and activities relating to modern slavery on a continual basis throughout the project and ensure that sufficient measures are being implemented on its major construction sites.

ON-SITE AUDITS

SSE has a large and changing supply chain which is dependent on the projects ongoing at any point. As part of SSE's Large Capital Projects (LCP) Quality assurance programme, scheduled and regular on-site audits are conducted on the designated Principal Contractor to ensure both they and their supporting supply chain are meeting the standards expected by SSE.

As reported in SSE's Modern Slavery Statement 2019, during 2018/19 SSE introduced a modern slavery checklist as part of these audits to ensure compliance on-site with SSE's modern slavery requirements. Over 2019/20, three on-site audits including this modern slavery checklist took place at major SSE construction sites. None of these audits found any evidence of modern slavery risk on site.



AN INFORMED PLAN FOR THE FUTURE

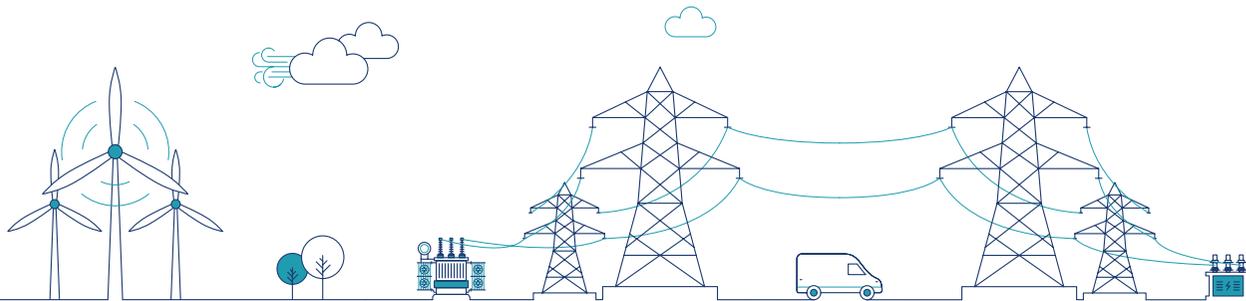
Over 2019/20, SSE's Human Rights Steering Group concluded that support from external experts was required in order to continue to progress SSE's approach to modern slavery risk mitigation in the most meaningful way.

SSE has therefore commissioned modern slavery experts Stronger Together to undertake an Organisational Performance Assessment (OPA) of its current approach, due to begin in July 2020.

The OPA is designed to provide a gap analysis of current practices against best practice and will look at all elements of SSE's approach. As well as a detailed desk-based assessment of policies and processes, the OPA will include interviews with people across SSE's business and with those working on SSE sites.

SSE will use the results of this gap analysis with Stronger Together to develop a meaningful strategy for further action to mitigate the risk of modern slavery within its direct and supply chain operations. It will report on the outcome of the OPA within its Modern Slavery Statement 2021.

In early 2020/21, SSE also joined the Utilities Sector Modern Slavery Working Group which was set up by Slave Free Alliance to drive forward collaborative action across the sector. The objective is to establish a common, consistent and robust approach to mitigating the risk of modern slavery within the utilities sector by sharing best practice and collaborating to minimise the duplication of effort by each company and by their shared supply chain.



BUSINESSES COVERED BY THE SSE PLC MODERN SLAVERY STATEMENT 2020

Company	Country of Incorporation	2020 Holding %	Principal Activity
Beatrice Offshore Windfarm Limited	Scotland	40	Power Generation
Bindoo Windfarm (ROI) Limited	Ireland	100	Power Generation
Brickmount Limited	Ireland	100	Power Generation
Clyde Windfarm (Scotland) Limited	Scotland	50.1	Power Generation
Coire Glas Hydro Pumped Storage Limited	Scotland	100	Power Generation
Comhlacht Gaoithe Teoranta	Ireland	100	Power Generation
Coomacheo Wind Farm Limited Ireland	Ireland	100	Power Generation
Coomatallin Windfarm (ROI) Limited	Ireland	100	Power Generation
Curragh Mountain Windfarm Limited	Ireland	100	Power Generation
Dedondo Limited Ireland	Ireland	100	Power Generation
Dromada Windfarm (ROI) Limited	Ireland	100	Power Generation
Drumnahough Wind Farm Designated Activity Company	Ireland	100	Power Generation
Dunmaglass Wind Farm Limited	Scotland	50.1	Power Generation
Fibre Power (Slough) Limited	England and Wales	100	Power Generation
Forbury Assets Limited	England and Wales	100	Construction of utility projects
Fusion Heating Limited	Northern Ireland	100	Energy Related Services
Galway Wind Park Phase 3 Designated	Ireland	100	Renewable Development
Ganderoy Limited	Ireland	100	Power Generation
Gartnaneane Limited	Ireland	100	Power Generation
Greater Gabbard Offshore Winds Limited	England and Wales	50	Power Generation
Green Wind Energy (Wexford) Limited	Ireland	100	Renewable Development
Griffin Wind Farm Limited	Scotland	100	Power Generation
Keadby Generation Limited	England and Wales	100	Power Generation
Keadby Wind Farm Limited	England and Wales	100	Power Generation
Lenalea Wind Farm Designated Activity Company	Ireland	100	Renewable Development
Limerick West Windfarm Limited	Ireland	100	Power Generation
March Winds Limited	Ireland	100	Power Generation
Medway Power Limited	England and Wales	100	Power Generation
Meentycat Limited	Ireland	100	Power Generation
Mullananalt Wind Farm (ROI) Limited	Ireland	100	Power Generation
Richfield Windfarm (ROI) Limited Ireland	Ireland	100	Power Generation
Seagreen Wind Energy Limited	England and Wales	100	Renewable Development
Seagreen Alpha Wind Energy Limited	England and Wales	100	Renewable Development
Seagreen Bravo Wind Energy Limited	England and Wales	100	Renewable Development
Seagreen Charlie Wind Energy Limited	England and Wales	100	Renewable Development
Seagreen Delta Wind Energy Limited	England and Wales	100	Renewable Development
Seagreen Holdco 1 Limited (Previously Seagreen Echo Wind Energy Limited)	England and Wales	100	Renewable Development
Seagreen Holdco 2 Limited (Previously Seagreen Foxtrot Wind Energy Limited)	England and Wales	101	Renewable Development
Seagreen Holdco 3 Limited (Previously Seagreen Golf Wind Energy Limited)	England and Wales	102	Renewable Development
Scottish Hydro Electric Power Distribution plc	Scotland	100	Power Distribution
Scottish Hydro Electric Transmission plc	Scotland	100	Power Transmission
Slieve Divena Wind Farm No 2 Limited (Sold 30/3/20)	Northern Ireland	0	Power Generation
Slough Domestic Electricity Limited	England and Wales	100	Power Generation
Slough Electricity Contracts Limited	England and Wales	100	Electricity Contracting
Slough Heat & Power Limited	England and Wales	100	Power Generation
Slough Utility Services Limited	England and Wales	100	Utility Services

BUSINESSES COVERED BY THE SSE PLC MODERN SLAVERY STATEMENT 2020

Company	Country of Incorporation	2020 Holding %	Principal Activity
Southern Electric Gas Limited (Sold 15/1/20)	England and Wales	0	Energy Supply
Southern Electric Power Distribution plc	England and Wales	100	Power Distribution
SSE Airtricity Limited Ireland	Ireland	100	Energy Supply
SSE Airtricity Energy Services (NI) Limited	Northern Ireland	100	Energy Supply
SSE Airtricity Energy Services Limited	Ireland	100	Energy Supply
SSE Airtricity Energy Supply (NI) Limited	Northern Ireland	100	Energy Supply
SSE Airtricity Gas Limited	Ireland	100	Energy Supply
SSE Airtricity Gas Supply (NI) Limited	Northern Ireland	100	Energy Supply
SSE Airtricity Utility Solutions Limited	Ireland	100	Utility Contracting
SSE Contracting Limited	England and Wales	100	Contracting
SSE Cumarsáid Teoranta	Ireland	100	Telecommunications
SSE E&P UK Limited	Scotland	100	Gas Production
SSE Electricity Limited (Sold 15/1/20)	England and Wales	0	Energy Supply
SSE Energy Solutions Limited (Sold 15/1/20)	Scotland	0	Energy Related Services
SSE Energy Supply Limited	England and Wales	100	Energy Supply
SSE Enterprise Limited	England and Wales	100	Corporate Services
SSE EPM Limited	England and Wales	100	Energy Trading
SSE Generation Ireland Limited	Ireland	100	Power Generation
SSE Generation Limited	England and Wales	100	Power Generation
SSE Heat Networks Limited	Scotland	100	Utility Services
SSE Home Services Limited (Sold 15/1/20)	Scotland	0	Energy Related Services
SSE Hornsea Limited	England and Wales	100	Gas Storage
SSE Insurance Limited	Isle of Man	100	Insurance
SSE Metering Limited (Sold 15/1/20)	Scotland	0	Energy Supply
SSE Micro Renewables Limited	Scotland	100	Energy Related Services
SSE Production Services Limited	England and Wales	100	Maintenance Services
SSE Renewables Developments	Germany	100	Renewable Development
SSE Renewables Developments (UK) Limited	Northern Ireland	100	Renewable Development
SSE Renewables Generation Ireland Limited	Ireland	100	Power Generation
SSE Renewables UK Limited	Northern Ireland	100	Power Generation
SSE Renewables Wind Farms (UK)	Scotland	100	Power Generation
SSE Retail Limited	Scotland	100	Energy Related Services
SSE Retail Telecoms Limited (Sold 15/1/20)	England and Wales	0	Telecommunications
SSE Services plc	England and Wales	100	Corporate Services
SSE Slough Multifuel Limited	England and Wales	100	Power Generation
SSE Slough Multifuel Holdco Limited	England and Wales	100	Power Generation
SSE Toddleburn Limited Scotland	Scotland	100	Power Generation
SSE Trading Limited	England and Wales	100	Energy Trading
SSE Utility Solutions Limited	England and Wales	100	Utility Services
SSE Viking Limited	England and Wales	100	Renewable Development
SSE Water Limited (Sold 5/6/19)	England and Wales	0	Water Network
SSEPG (Operations) Limited	England and Wales	100	Power Generation
Stronelaig Wind Farm Limited	Scotland	50.1	Power Generation
Sure Partners Limited	Ireland	100	Renewable Development
Tealing Solar Park Limited	England and Wales	100	Construction of utility project
TESGL Limited	England and Wales	100	Building Energy Management
Tournafula Windfarm (ROI) Limited	Ireland	100	Power Generation
Viking Energy (Scottish Partnership)	Scotland	100	Renewable Development
Viking Energy Wind Farm LLP	Scotland	100	Renewable Development

**To discuss the content of this statement,
please get in touch:**

Email: sustainability@sse.com

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