



Scottish & Southern
Electricity Networks

Our Sustainability Plan

Turning Ambitions into Action

February 2019

www.ssen-transmission.co.uk

About us

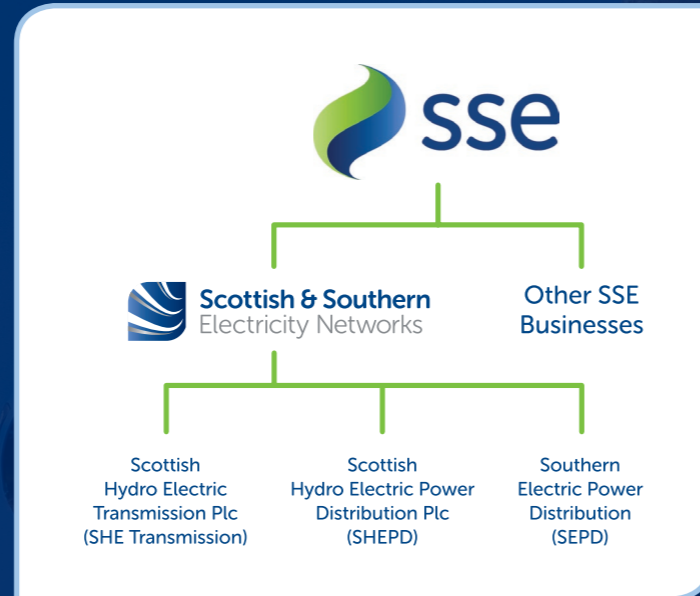
We are Scottish Hydro Electric Transmission (SHE Transmission), part of the SSE Group, responsible for the electricity transmission network in the north of Scotland. We operate under the name of Scottish and Southern Electricity Networks, together with our sister companies, Scottish Hydro Electric Power Distribution (SHEPD) and Southern Electric Power Distribution (SEPD), who operate the lower voltage distribution networks in the north of Scotland and central southern England.

As the Transmission Owner (TO) we maintain and invest in the high voltage 132kV, 275kV and 400kV electricity transmission network in the north of Scotland. Our network consists of underground cables, overhead lines on wooden poles and steel towers, and electricity substations, extending over a quarter of the UK's land mass crossing some of its most challenging terrain. We power our communities by providing a safe and reliable supply of electricity. We do this by taking the electricity from generators and transporting it at high voltages over long distances through our transmission network for distribution to homes and businesses in villages, towns and cities.

Our draft sustainability plan

Since the publication of our new stakeholder-led sustainability strategy in May 2018, we have developed this draft sustainability delivery plan in collaboration with our business teams to implement our six sustainability ambitions. This forward plan sets out the key activities to implement our sustainability strategy commitments with timebound milestones against which our performance will be measured, enabling our stakeholders to hold us to account.

This consultation presents an opportunity for stakeholders to ensure that our action on sustainability is fit for purpose and meets their reasonable needs and expectations. There are questions at the end of the document asking for your input on whether we have missed any activities critical to implementing our commitments; the most material – and impactful – issues are prioritised; and whether the timescales we are proposing are suitably ambitious and rigorous. The responses to this consultation will be used to refine our sustainability plan and will help focus our activities over the coming years. Feedback will be reported in future sustainability publications.



Building a sustainable future

As a business at the forefront of the transition to a low carbon economy, operating in some of Scotland's most precious rural landscapes, we are extremely proud of our role in, and commitment to, helping tackle climate change. We have an equally strong commitment to positively manage the impact of our activities on the local environment in which we live and work.



We have reached an important milestone on our Sustainability journey. We know expectations are rising and stakeholders want companies to take broader accountability outside of their own operations. We agree. We want to meet stakeholders' expectations while demonstrating leadership for the future. Our comprehensive stakeholder-led sustainability strategy published in May last year provides a clear vision of the kind of sustainable business we want to be, and we have set challenging ambitions to achieve this. We want to deliver results to achieve our commitments, while inspiring others around us to build a more sustainable energy system.

Our business teams have reviewed our sustainability strategy commitments across each of our six bold and broad ambitions areas: Connecting for Society, Mitigating Climate Change, Protecting the Natural Environment, Optimising Resources, Supporting Thriving Communities and Growing Careers, to develop this sustainability delivery plan and shape the delivery of our operations. This plan will act as a roadmap that seeks to create the right balance between short-term progress and realistic long-term achievements to make a difference. Going forward, our sustainability plan will guide our efforts and keep us on track.

We have set stretching commitments, targets and activities that we believe we can achieve with hard-work, innovation, investment and collaboration. For example, our plan sets out the time-bound milestones to: introduce a social, environmental and economic cost benefit analysis (CBA) framework to inform our investment decisions; set a science-based carbon reduction target; achieving a biodiversity net gain on new infrastructure projects; support local community energy connections; adopt sustainable materials; and embed sustainability into our procurement decisions. Delivering these activities will require more rigour in how we approach the measurement and reduction of our impacts. And, more than ever, it will require that we collaborate with our suppliers, customers and partners. The essence of our sustainability plan is doing what's right for our customers and society.

We have a strategic business priority to be a trusted partner of customers and communities, realising long term benefit for society, economy and the environment. SHE Transmission will continue to be open and honest about delivering our sustainability strategy, and to share with our stakeholders what our key challenges and successes have been on an annual basis.

I believe by implementing and continuing to build on our sustainability plan, we will deliver a truly sustainable transmission network into the next decade and beyond.

Rob McDonald
Managing Director
Transmission

Our sustainability vision

Purpose: Enabling the transition to a low carbon economy

The renewable energy and decarbonisation targets and policies set out in the UK Government's Clean Growth Strategy and in the Scottish Government's Energy Strategy and Climate Change Plan show the continued importance of the transition to a low carbon economy. Infrastructure for the transportation of low carbon electricity will be essential to delivering the Scottish Government target for the equivalent of 50% of Scotland's heat, transport and electricity consumption to be supplied from renewable sources¹. This is why enabling the transition to a low carbon economy remains our strategic purpose.

Developing our Sustainability Strategy

In developing our strategy, we were mindful of the wider environment in which we operate. This means considering emerging trends and taking account of the views and needs of stakeholders, including: customers, generation developers, communities, employees, government, regulators and other network companies. Our strategy has been built on a solid foundation of analysis of government policy and industry trends, global sustainable development goals and stakeholder expectations.

Our experiences, and the insight provided by our stakeholders, highlight the need for us to expand our ambitions beyond standalone decarbonisation aims, and to ensure that our activities are mindful of other social, economic and environmental issues. Rather than complicating our strategic purpose, we have built these broader considerations into six ambitions through which we will deliver that overarching aim. These ambitions are broad and bold.

Our sustainability ambitions



What being sustainable means to SHE Transmission

In line with the SSE Group approach, SHE Transmission has adopted the Brundtland definition of sustainable development from Our Common Future²: Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

This is captured in SSE's long-standing sustainability value: Our actions and decisions are ethical, responsible and balanced, helping to achieve environmental, social and economic well-being for current and future generations.

¹Scottish Energy Strategy: The Future of Energy in Scotland (2017)

²Our Common Future. A report of the World Commission on Environment and Development (1987)

How our sustainability plan was developed

Aim: develop a short (2019), medium (2020-2021) and long-term action plan (2021+) for delivering the sustainability strategy targets and new approaches.

Embedding into business as usual

Embedding our sustainability strategy within our processes and operations will ensure we deliver our commitments, create innovative solutions and drive sustainable decisions as business as usual. Since the publication of the strategy, we have undertaken an internal review of existing business initiatives and structures to allocate resource and define responsibilities for implementing our sustainability plan.

Fully adopting the sustainability strategy will involve new approaches and ways of working, so it will require a process of change management and cross-functional team engagement as we transition to integrate the initiatives into our operations. Each sustainability ambition will have a designated ambition lead responsible for supporting the early development work (baselines, target setting, planning and monitoring), facilitating cross-functional team working and managing the early implementation activities. Longer term and on-going implementation responsibilities will sit within the appropriate SHE Transmission business teams once the sustainability processes are firmly established in business processes.

To develop the delivery plan, we have reviewed our sustainability commitments across each of our six ambitions areas and created a time-bound plan with short (2019), medium (2020-2021) and long-term (2021+) milestones to meet the ambitions' overarching outcome. This will allow progress to be easily tracked.

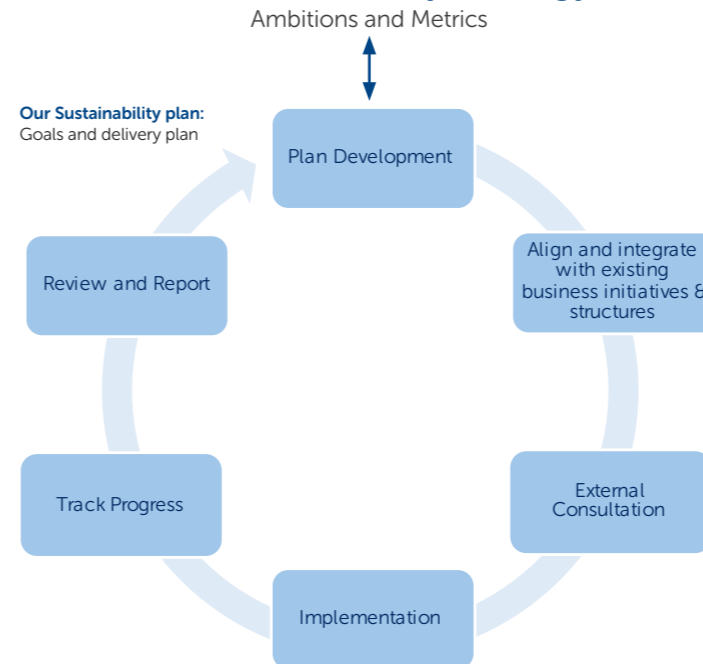
Making it happen: our sustainability planning framework

We appreciate that solutions to some of today's challenges may not have been developed yet and planning our sustainability work will be an iterative and adaptive process. We will apply our sustainability planning framework to continually assess progress and ensure we continue to apply best practice, pilot new approaches and innovate to drive sustainability leadership.

Aligning with RIIO-T2 business planning

Leadership in sustainability is one of our four strategic themes for the next price control, RIIO-T2 (2021-2026), defined as being a trusted partner of customers and communities, realising long term benefit for society, economy and environment. In addition, our mission is "to enable the transition to a low carbon world". The development of this Sustainability Plan also forms part of our preparatory work for the submission of our Business Plan for our next price control, RIIO-T2. The application of the short, medium and long term milestones aligns with our business preparations for RIIO-T2 whereby the short term activities (2019) will further define the sustainability initiatives (methods, KPIs), the medium term activities (2020-2021) will ensure the necessary system and processes are in place and the long term activities (2021+) will ensure the business can deliver continuous sustainability improvements during the next price control.

Our sustainability strategy



Ambition action

For each ambition, this plan summarises the action that will be undertaken to implement our sustainability strategy commitments and an ambition delivery plan is presented to highlight the key activity milestones over the short, medium and long term. Ambition action deadlines are presented by calendar quarters: Q1 (January – March); Q2 (April - June); Q3 (July – September) and Q4 (October-December); the delivery and scope of these actions will be continually reviewed and developed through our sustainability planning framework. Our annual sustainability report will track progress of these actions alongside our ongoing work to support each sustainability ambition. A summary of this sustainability plan and performance metrics that will be assessed are presented at the end of the report.

Connecting for society

Working collaboratively to deliver a whole system solution that promotes affordability.

The transmission infrastructure that we build and operate for the transportation of low-carbon electricity is essential in the transition to a low-carbon electricity system. The timely delivery of large-scale capital investment in new infrastructure to accommodate and support increasing levels of renewable electricity generation across the north of Scotland remains one of our key priorities.

Affordability of connections is essential for renewable energy generators developing projects in markets with reduced subsidies and challenging economics. The impact of our investments may seem small when calculated as a share of individual energy bills, but investment must be efficiently delivered to ensure best value for society.

As we enter the next phase of our programme with continued investment in connections and wider network developments, it is essential that we meet the wider societal expectations that accompany this investment, including affordability.

Social, Environmental & Economic Cost-Benefit Analysis (CBA)

It is becoming increasingly apparent that standard accounting practices and economic analysis are failing to fully quantify impacts and risks, particularly those associated with environmental and social aspects (often referred to as natural and social capital). We will work to introduce these elements in our planning by analysing and quantifying wider social, environmental and economic impacts of projects to inform decisions. This will mainstream the measurement of environmental and social impacts and improve performance as a core part of our business decision making.

Incorporating environmental and social factors into our long-term business planning will help us support a sustainable low carbon energy system and ensure we offer best value for customers and society as a whole. This will require the development of a new cost-benefit analysis (CBA) framework over this coming year that will allow us to measure social, environmental, economic and stakeholder values.





This framework will consider whole-life costing and whole-system solutions across our asset development process to support the identification and adoption of alternative approaches to system planning and network development where these can deliver better value, whether that value is economic, social or environmental. It will also allow us to communicate more effectively with our stakeholders about the trade-offs necessary in our decision making.

To move completely to a whole system approach will likely necessitate changes in the standards and frameworks that we adhere to in system planning, project development and operations. Further analysis and discussion with the System Operator and the regulator will be required before full development and adoption of new approaches.

Delivering requests for accelerated connections

We recognise the importance of delivering low carbon energy connections as quickly as possible so that they can contribute to meeting renewable energy and decarbonisation targets. To this end, we will set an annual target to accept and deliver on all reasonable requests for acceleration of connection dates. We will report on what proportion of requests for an accelerated connection have been accommodated.

Ambition delivery plan

	Delivery plan milestones	By when	Status
Short term	Review previous Cost Benefit Analysis (CBA) work carried out on SSEN projects and best practice from other networks and wider industry	Q4 2018	
	Develop CBA framework and methodology	Q1 2019	
	Pilot the CBA framework on test projects	Q2 2019	
	Define and set target for delivering reasonable requests for acceleration of connection dates (annually) and report delivery	Q1 2019 – Ongoing	
Medium term	Report on first round of projects assessed against new CBA framework	2020	
	Review the projects that adopted unconventional approaches such as new system designs, new commercial arrangements, or new technologies following the CBA assessment to inform business specification and policy improvements	2020	
Long term	Continue to implement and develop the CBA framework via annual reviews	Ongoing	

 On track  Achieved  Not achieved

Supporting UN Sustainable Development Goals



Mitigating climate change

To manage resources over the whole asset lifecycle, working towards a science-based greenhouse gas target.

A decade on from the UK Climate Change Act 2008, the momentum to reduce carbon emissions continues to grow. The most recent report by the UN Intergovernmental Panel on Climate Change (IPCC) highlighted again the very real and serious risks that climate change represents⁴. One of the key messages of the report is that we are already seeing the consequences of 1°C of global warming through more extreme weather and rising sea levels, among other climatic changes. At the current rate of warming, the world is likely to reach 1.5°C between 2030 and 2052. The science confirms that global temperatures will keep on rising until the whole world reaches net zero emissions, so it is not just the target that matters, it's how fast we get there. Recent reports on progress towards current decarbonisation targets at the EU, UK and Scottish level⁵ have also shown that while progress towards short term targets is good, current measures will not be sufficient to deliver the emissions reductions required for 2030 and beyond to limit climate change to 1.5°C or 2°C compared to pre-industrial temperatures. While our most material contribution to action against climate change is our role in enabling the low-carbon transition, we are also committed to reducing our own carbon emissions, and in doing so, ensure any action we take is aligned with current climate science. As such, our ambition is to achieve the level of decarbonisation required to limit rising global temperatures and support national and international carbon reduction targets.



Adopting a Science based target for our own greenhouse gas emissions

We committed to setting a Science Based Target (SBT) with the Science Based Targets Initiative in May 2018. Throughout 2019, we will review our carbon emissions data and the different approaches to setting a SBT, to decide which approach is most appropriate for our business with the aim of setting our carbon reduction target by the end of the year. Setting a science-based target will provide us with a clearly defined pathway to future-proof our growth by specifying how much and how quickly we need to reduce our emissions. To track progress on achieving our target, we will continue to improve our carbon accounting and reporting system.



Including carbon considerations in investment decisions

Due to the long lifetime of many of our assets, much of the infrastructure that we are installing today in order to increase low carbon electricity generation, will still be in operation in 2050. This will require us to assess the full lifecycle of our assets when making investment decisions, considering their impacts during construction, in operation and when replaced. Therefore, including carbon considerations in investment decisions will be essential to ensure that decisions made today do not compromise future delivery of these aims. We will develop a new methodology for factoring carbon emissions and pricing into investment decisions within our new CBA framework early in 2019; the number of decisions informed by this will be reported as a measure of progress.



Reducing carbon emissions across our value chain

Having a science-based target means we will know what we need to do in the short and medium term to reduce our carbon emissions to meet our longer-term vision. We will be required to reduce our carbon emission across our value chain, including Scope 1, 2 and 3 emissions as defined in the GHG protocol⁶:

- **Scope 1:** direct greenhouse gas emissions occurring from sources owned or controlled by the company e.g. our vehicles and on-site boilers;
- **Scope 2:** indirect greenhouse gas emissions from the generation of purchased electricity consumed by the company; and
- **Scope 3:** all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions e.g. grid losses, production of purchased materials and contractor emissions.

To meet our science-based carbon reduction target, we will create carbon emission reduction plans for each of our emission areas. Alongside reduction our operational scope 1 and 2 emissions, we will need to collaborate with our supply chain to target reductions in our scope 3 emissions from our contractor emissions and asset embedded carbon⁷.

Ambition delivery plan

	Delivery plan milestones	By when	Status
Short term	Science Based Target (SBT) methodologies reviewed and approach defined	Q4 2018	✓
	Scope 1, 2 & 3 carbon reduction targets defined in-line with climate science	Q1 2019	→
	Establish quarterly business carbon footprint (BCF) reporting system	Q1 2019	→
	Inclusion of mandatory carbon reporting in contract requirement for new projects	Q2 2019 – Ongoing	
	Inclusion of carbon assessment and pricing into CBA framework	Q2 2019	
	Create emission reduction plans – identify emission reduction initiatives for each emissions' area to meet the science-based target	Q3 2019	
	Sustainability subcommittee review and approval of SBT Target proposal	Q3 2019	
	Submit target proposal for approval by the SBT initiative	Q4 2019	
	Annual update on climate science, policy and progress towards decarbonisation targets to inform strategy	Ongoing	→
Medium term	Begin implementation of targeted emission reduction plans for each emission area	2020	
	Support business innovations to reduce carbon footprint	Ongoing	
	Work with our supply chain to reduce scope 3 carbon emissions	Ongoing	
	Annual review of carbon reduction against target and development of emission reduction plans	Ongoing	
Long term	Deliver carbon emission reduction plans for each emission area such as: SF ₆ fugitive emissions, operational transport, substation energy use, building energy use and scope 3 emissions to meet SBT	Ongoing	
	Technical design specifications consider assets' carbon impact	Ongoing	



On track



Achieved



Not achieved

Supporting UN Sustainable Development Goals



⁴ IPCC (2018) Global Warming of 1.5°C

⁵ UKCCC (2018) Progress Report to Parliament, Reducing UK Emissions; UKCCC (2018) Scotland's climate change plan: monitoring report; Met office (2018) UK Climate Projections; EEA (2018) Tracking progress towards Europe's climate and energy targets

⁶ GHG Protocol Corporate Accounting and Reporting Standard (2004)

⁷ Embedded carbon emissions are those that result from the purchase of goods and the construction of new assets. Reducing this carbon helps us realise new cost efficiencies, drive innovation and enhance our environmental performance.

Promoting natural environment

Delivering a biodiversity net gain for our projects

Promoting our natural environment encompasses many areas including (but not limited to) biodiversity, natural processes, landscape change and visual amenity. As a responsible developer, we recognise that the environment plays an important role in sustaining society, so we have a responsibility to protect and promote the natural environment.

Protecting and enhancing biodiversity

Whilst biodiversity⁸ is valuable in its own right, it is also crucial to the maintenance of the natural systems on which we all depend (for example: pollination of crops, flood management and air quality regulation). Protecting and enhancing biodiversity is therefore an essential element of a truly sustainable society. As such, our ambition is to ensure that our activities not only maintain the existing balance that exists, but help to enhance the biodiversity in our area, targeting a net gain⁹.

To positively contribute to the UN and Scottish Government Biodiversity strategies¹⁰, we aim to achieve an overall 'No Net Loss' on new infrastructure projects gaining consent in 2020 onwards and achieving Net Gain on projects gaining consent in 2025 onwards. This will involve developing Biodiversity 'Net-gain' assessment guidelines and terrestrial tool to calculate biodiversity units pre and post development for all new capital development projects over the coming year. These procedures will be incorporated into environmental impact assessments and construction contracts during 2019 to achieve our target from 2020 onwards. Achieving biodiversity net gain will require considered management of our land and the forestry and woodland that may directly affect our infrastructure. We will need to balance the desire for sustainable forestry management against maintaining affordable, safe and reliable electricity supplies for our customers. We will also review operational wayleave vegetation management activities of overhead lines to identify opportunities for reduced activity and enhancement.

Integrating wider environmental principles into decision making

Having high standards in the efficient and effective delivery of environmental management has always been a priority as we deliver nationally important electricity infrastructure for the benefit of our customers. Environmental considerations are playing an ever-increasing role in the successful delivery of our projects and it is therefore more important than ever that we further develop their contribution to decision making in every stage of a project's lifecycle.

Preserving visual amenity - As a business which operates in Scotland's most precious rural landscapes, we are committed to minimise the impact of our infrastructure on the visual amenity of landscapes while balancing the provision of cost efficiency and ensuring a safe and secure supply of electricity. To address this, we will ensure that the visual impact of new infrastructure is fully considered in our projects from conception and is reduced as far as practical in line with our social, environmental and economic cost benefit analysis.

Valuing and protecting the environment – Natural capital is a wider term for the stock of renewable and non-renewable resources (e.g. plants, animals, air, water, soils, minerals) that combine to yield a flow of benefits to people. There are a wide range of business benefits to valuing natural capital, which include, for example, promoting alternative options that may reduce cost and risks. We will engage with our stakeholders to further understand the opportunity to use existing natural capital valuation methodologies in our business decision making, and participate in external forums to help develop, trial and where appropriate adopt new natural capital reporting mechanisms in the future. This will ensure that environmental factors in our cost benefit analysis framework are fully understood and considered.

In addition to our ambitions promoted through the Sustainability Strategy, the development of our RIIO-T2 business plan has identified further areas where changes to our current business activities can provide additional benefit to the Natural environment (including forestry and woodland, oil and noise management). These opportunities will be further defined and consulted on through our business plan development process and where appropriate incorporated into future revisions to our sustainability plan.

Ambition delivery plan

	Delivery plan milestones	By when	Status
Short term	Review existing biodiversity guidelines and governance documents to incorporate new biodiversity guide	Q1 2019	
	Develop Biodiversity 'Net-gain' assessment guidelines for all new capital development projects (baseline, principles for design)	Q2 2019	
	Integrate environmental metrics into CBA framework	Q2 2019	
	Review projects on track for planning submission prior to 2020	Q3 2019	
	Integrate biodiversity net gain approach into environmental impact assessments and construction contracts	Q4 2019	
	Engage regional biodiversity forums to identify partnership opportunities	Ongoing	
Medium term	Begin implementation of net gain assessment process on all new projects	2020	
	Start monitoring biodiversity net gain performance against targets	2020	
Long term	Ensure plans and funding mechanism in place to monitor long term success of biodiversity works	2021+	
	Review operational wayleave vegetation management activities of overhead lines to identify opportunities for reduced activity and enhancement	2021+	

 On track  Achieved  Not achieved

Supporting UN Sustainable Development Goals



⁸The term Biodiversity, short for biological diversity, refers to the diversity of life forms, species, genetic variation, and ecosystems. UK Biodiversity Indicators (2018). Available at: www.jncc.defra.gov.uk/pdf/UKBI_2018.pdf

⁹Net gain is an approach to development that aims to leave the natural environment in a measurably better state than beforehand.

¹⁰Scottish Government Biodiversity Strategy (2013)

Optimising resources

Managing resources to maximise sustainability

The materials used in the development of the electricity transmission network is a key aspect of its sustainability, across the transmission asset development process. Many of the resources that we use in building our infrastructure are non-renewable resources (such as steel, aluminium and copper) and due to the lifetime of our assets, the infrastructure that we are installing today could be operation post-2050. Therefore, using resources more sustainably and efficiently is an increasing area of focus for SHE Transmission as it will reduce our impact on the environment from minimising finite natural resource use, tackling material consumption emissions, avoiding waste and lowering supply chain costs. Optimising resources will require us to rethink how we use, manage and dispose of materials to ensure we use resources in a responsible and sustainable way¹¹; we will need to establish baselines, develop new targets and create improvement initiatives.

Minimising waste

Our aim is to substantially reduce waste generation through prevention, reduction, reuse and recycling. The majority of our waste comes from contractor-related work during construction and our contractors are required to provide site specific waste management plans for all projects. Over the coming year, we will work with our contractors to ensure that they implement the waste hierarchy and we will consult our contractors about including waste data reporting and targets in contract requirements to encourage the effective management of resources, eliminate avoidable waste and improve recycling rates.

Resource efficiency

To make sure that resources are used more efficiently, we will review our use of finite and critical resources. In line with circular economy principles, we will seek to keep resources in use for as long as possible, extracting the maximum value from them whilst in use, then recover and regenerate products and materials at the end of each service life. Our aim is to upgrade rather than replace assets wherever viable and, in cases where replacement is required, we aim to re-use as much as possible. Going forward, we will analyse our resource use data to create resource efficiency improvement targets; we aim to align these targets with national ambitions¹² where possible.

Using sustainable materials

Where appropriate, we will seek to use resources which are as sustainable as possible, adopting new products, to reduce our reliance on non-renewable and limited resources. Designing for lifecycle impact considerations, we aspire to use materials with equivalent or superior performance, but which have a smaller environmental footprint and lower social impact. Taking a holistic view of the materials used on the network, the aspects we will consider include its origin (whether virgin, renewable or recycled), the methods used to source and process it, the emissions generated throughout its life cycle, and how it is disposed of at the end of its useful life. We will review asset life cycle assessment (LCAs) approaches and industry responsible sourcing initiatives to define our sustainable materials approach for our next price control period. Over the longer term, we will need to work with our suppliers¹³ to reduce the impact of the materials used and encourage innovation.

¹¹Making Things Last: A Circular Economy Strategy for Scotland (2016)
¹²DEFRA (2018) A Green Future: Our 25 Year Plan to Improve the Environment
¹³Zero Waste Scotland (2016) Procuring for: Repair, Re-Use and Remanufacturing

Ambition delivery plan

	Delivery plan milestones	By when	Status
Short term	Consult on performance expectation and focus priorities for our optimising resources ambition	Q4 2018	✓
	Complete gap analysis of existing waste and resource use data	Q1 2019	→
	Consult contractors on waste and resource use reporting requirements at our contractor forum on the environment	Q1 2019	→
	Inclusion of waste and resource use mandatory data reporting requirement in contracts for new projects	Q2 2019	
	Waste and resource use data request from contractors for past two financial years' (2017-19)	Q2 2019	
	Review approaches for asset life cycle assessments (LCAs) and industry responsible sourcing initiatives	Q3 2019	
	Waste and resource use data collection and reporting system established	Q3 2019	
	Annual waste and resource use data review to identify improvement initiatives and targets	Ongoing	
Medium term	Waste minimisation and resource efficiency targets established; performance requirements included in contracts for new projects	2020	
	Inclusion of LCA data and responsible sourcing information reporting requirements in supplier contracts	2020	
	Waste minimisation and resource efficiency initiatives implemented per waste stream/asset type as identified	Ongoing	
Long term	LCAs and responsible sourcing data review to identify improvement targets per resource use asset	2021+	
	Technical design specifications include sustainable material requirements	2021+	

→ On track ✓ Achieved ✗ Not achieved

Supporting UN Sustainable Development Goals



12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Supporting thriving communities

To maximise the local social and economic benefit of our investments.

One of the most significant impacts we have on the areas in which we operate, is the local economic benefits created through some of our major development projects. We have a responsibility to ensure that our customers, communities around our operations and society at large all thrive as a result of our operations. Without the continued support of the communities in which our assets are located, we wouldn't be the business we are today or become the business we want to be in the future. We want to ensure that communities benefit from our investments.

Using local supply chains

Sustainable and transparent value chains are an important driver for enhancing value for society; our supply chains create value directly for local economies and are one of the most important ways in which we support and build thriving communities. We aim to support local employment and local supply chains when developing, constructing and operating assets.

Building on the SSE Responsible Procurement Charter¹⁴ and ensuring that we continue to maximise the local benefit of our investments, we are looking to set a minimum threshold for the share of local content in our portfolio of projects in 2020 where feasible. It is important that we are able to measure and understand the impact we have on communities, so we will quantify and analyse the local socio-economic impact of each pound spent during our investments and the local content ratio of our major project investments.

Supporting community and locally owned renewable energy projects

Community and locally owned energy is a priority for the Scottish Government and the government aims to target an increase in the amount of community and locally owned renewable energy generation. Scotland's energy strategy¹⁵ includes 'A smarter local energy model' as a core principle which is underpinned with a commitment to: 'Empower our local communities, Supporting the development of innovative and integrated local energy systems and networks'. As a result, it is expected there will be an increasing number of community energy projects seeking to connect to our network.

Recognising the ambitions of the Scottish Government and the ever-changing energy landscape it will be important that we are a proactive partner in facilitating these ambitions. To support the development of local and community renewable energy, we will review the challenges that our current connections processes and rules pose for these organisations during the early part of this year and take steps to remove barriers and facilitate their connections applications.




Giving back to communities

We continue to provide additional support to communities across our network area through our Resilient Communities Fund, allocating a minimum of 33% of any Stakeholder Engagement Incentive income that we receive to the communities in which we work. The fund is currently used to support projects that will help the community during extreme weather events or when electricity supply is lost, with a focus on vulnerable customers.

Our investments in our communities are not only financial, our employees also commit their time to supporting projects in our communities through SSE Be the Difference, an initiative through which employees' volunteer in the community for a day. We value the importance of employees giving back to their local communities and offer them the opportunity to volunteer a working day each year through our 'Be the Difference' programme.

We want to ensure that our community support investments continue to benefit our local communities and that we are maximising the benefit that they receive from our project investment, community support investment and local volunteering. During 2019, we will review the suitability of our community fund support to determine any appropriate improvements.

Ambition delivery plan

	Delivery plan milestones	By when	Status
Short term	Inclusion of local content spend reporting requirement in contracts for new projects	Q1 2019	
	Local content data request from contractors for past two financial years	Q2 2019	
	Review the challenges and barriers of our connection process for local and community renewable energy connections	Q3 2019	
	Review local content data to define options for local content targets	Q4 2019	
	Review the suitability of our community fund support	Q4 2019	
	Monitoring local and community renewable energy connections in our network area annually	Ongoing	
Medium term	Define the local socio-economic impact of each pound spent	2020	
	Set minimum threshold of local content share in portfolio project contracts where feasible	2020	
	Implement recommendations to remove barriers within our control to support local and community renewable energy connections	2020	
Long term	Continue to implement and develop our community fund support via annual review	2021+	

 On track  Achieved  Not achieved

Supporting UN Sustainable Development Goals



¹⁴SSE Responsible Procurement Charter. Available at: http://sse.com/media/549589/Responsible-Procurement-Charter_1218.pdf

¹⁵Scottish Government (2017) The future of energy in Scotland: Scottish Energy Strategy

Growing careers

Ensuring a safe and inclusive culture for our employees; adding value through good jobs, training and development.

We rely on our people to be a successful business. For SHE Transmission, our long-term success depends upon the people we can attract, retain and develop. The past decade has been a period of rapid change in the energy sector and, for transmission, huge growth; our workforce has grown significantly to support this. Our expanded network requires an increasing number of skilled employees to keep it running effectively and to manage the transition to an increasingly decarbonised and decentralised system. Complementing the SSE Group strategy on human capital, diversity and inclusion (D&I); our ambition is to attract, develop and retain a sustainable pipeline of highly engaged employees, and in doing so, help to sustain a skilled workforce and increase diversity.

Ensuring our workforce have the required skills and opportunities

We have a responsibility to ensure our workforce has the required skills and opportunities to meet our future business requirements; we are committed to investing in our employees and adding value through the creation of good jobs, training and development. By doing this, it's not just SHE Transmission or the wider company that benefits – society and the individuals do too. To increase the visibility of growing careers targets and performance indicators (including training & development investment and D&I measures) within the transmission management team, we will include growing careers metrics within our business level KPI reporting system early in 2019 to drive improvement. In addition, we will also prepare a resilience report annually to ensure our training and development addresses risks to the business.

To encourage development opportunities, we are piloting a career paths development initiative for job roles in our business planning and performance teams which show the development and career progression opportunities available to employees and the associated incremental role requirements and competencies that they need to progress. This pilot initiative and the annual resilience report prepared during 2019, will inform the design of our staff development framework within our annual business-wide transmission resourcing plan.




Promoting fairness, diversity and inclusion

It has been proven that inclusive companies have an engaged and happy workforce with reduced levels of staff turnover, sickness and grievance, and this in turn results in improved productivity and financial return. Promoting a work culture based on fairness, respect and dignity, seeks to create an inclusive and diverse workforce. SSE Group's strategy has been to initially address gender diversity, however inclusion in its widest sense is also important. As an engineering-focused business, many of our roles are traditionally dominated by men. Women comprise just 18% of our workforce and we must take action to encourage women IN to our business, support women to stay ON in the company and help women progress UP in the organisation. We call this our 'IN, ON, UP' inclusion strategy. A diversity and Inclusion working group has been established within Scottish and Southern Energy Networks to help create an inclusive workplace which is welcoming and promotes a culture of inclusion within our organisation. We will support this working group to improve our current working environment to attract and develop people at SHE Transmission, regardless of their backgrounds, abilities, religion, sexual orientation, ethnicity and gender. Targeted initiatives to promote diversity and inclusion will be incorporated within our resourcing plan. In addition to our direct employees, we also believe those in our supply chain should be treated fairly. We are using our role as a buyer to improve standards via our procurement contracts. We ask our contractors to comply with ethical standards, including paying employees working on our projects the Living wage, and meeting Modern Slavery Act legislation.

Using the skills gap as an opportunity to become a more inclusive employer

The most significant human capital challenge we face is a looming industry skills gap in the 2020s. With an aging workforce, we are also faced with a looming skills shortage within our organisation. We must ensure that we have a strong pipeline to recruit and develop talent which will require the promotion of Science, Technology, Engineering and Mathematics (STEM) education. To complement the SSE group partnership with the Energy & Utilities Skills Partnership to develop and launch a Workforce Renewal and Skills Strategy, we will review and define our approach to support the future skills gap in the industry ahead of the next price control period. Our resourcing plan will document the action that we will take to attract future talent into the next decade. By attracting, developing and retaining a skilled and diverse pipeline of employees, we believe we will maximise productivity and help ensure the long-term success of our business. We need to anticipate those gaps by attracting new entry level employees onto our 'pipeline' trainee programme, and whilst doing so, make an important change to the composition of the people who are attracted to work for SHE Transmission and widen the talent pool as far as possible across the business. If this approach is successful, we will create a sustainable workforce for the future.

Ambition delivery plan

	Delivery plan milestones	By when	Status
Short term	Pilot "job families" development pathways within our business planning and performance teams	Q1 2019	
	Inclusion of growing careers metrics and SSE Group targets within business KPI reporting system	Q1 2019	
	First annual resilience report prepared that reviews our staff training and development approach	Q4 2019	
	Support SSEN Diversity and Inclusion working group initiatives	Ongoing	
Medium term	Review and define approach to support the future skills gap in the industry	Q1 2020	
	Create transmission resourcing plan that includes training matrix, staff development framework, talent attraction approach and initiatives to promote diversity and inclusion	Q1 2020	
	Begin implementation of transmission resourcing plan to attract, develop and retain a diverse and skilled pipeline of engaged employees	2020	
	Prepare annual resilience reports to ensure training and development addresses risks to the business	Ongoing	
Long term	Continue to implement and develop the transmission resourcing plan via annual reviews	Ongoing	

 On track  Achieved  Not achieved

Supporting UN Sustainable Development Goals



Sustainable procurement

To achieve the step change we want, we must look beyond our own operations and take responsibility to address environmental, social and economic issues across our entire value chain. Value chain sustainability is the management of environmental, social and economic impacts and the encouragement of good governance practices, throughout the full lifecycles of goods and services.

Procurement is a powerful instrument for organisations wishing to behave in a responsible way and contribute to sustainable development. By integrating sustainability in procurement policies and practices, organisations can manage risks (including opportunities) for sustainable environmental, social and economic development across their value chains¹⁸. Sustainable procurement can therefore be defined as, 'using procurement to deliver long term social, economic and environmental benefits'.

Delivering each of our sustainability ambitions will require that we embed sustainability into our procurement decisions and supply chain management. We will engage and collaborate with our contractors and suppliers to communicate our sustainability commitments, explain our reporting requirements and set improvement targets¹⁹.

Employee and stakeholder engagement

Employee engagement is essential in transforming our sustainability ambitions into reality. We are building a culture of sustainability by educating, training and engaging our employees. For example, our CARE (Commitment Awareness Rigour and Engagement) engagement programme aims to ensure that the natural environment is considered in every aspect of our working lives and we also regularly communicate our sustainability initiatives through director roadshows and staff advisory panel consultations. To continually engage and encourage our employees to behave sustainably in the workplace, we will develop and implement an annual internal sustainability communication and engagement plan.

As the transmission network owner in the North of Scotland, we seek stakeholder input on all aspects of our activities. Understanding our stakeholders' individual and collective requirements and continually seeking their feedback is extremely important in shaping our current and future business activities. Last year, stakeholders informed our decisions on the materiality of different sustainability issues and helped to define our sustainability strategy ambitions.

Our stakeholders have told us that it is also important that we make information about our plans and activities open and available in as many ways as possible. This consultation provides a further opportunity for stakeholders to inform and challenge our approach to sustainability business practice. It is vital that we continually understand the views and needs of our stakeholders and we will externally publish and consult on our annual sustainability reporting and biennial delivery plan. Other outputs will be published for external feedback as deemed appropriate to inform our sustainability ambition work.



¹⁸ISO 20400:2017 Sustainable Procurement – Guidance

¹⁹UN (2015) Supply Chain Sustainability – A Practical Guide for Continuous Improvement

Monitoring, Review and Reporting

This Sustainability Plan does not attempt to cover everything that might be possible to fully embed and implement our sustainability strategy, and as we understand more from implementing these activities, we will revise and update our approach. But this forward-looking plan sets out our early priorities for action, in the areas where we are able to make rapid progress. For implementing the plan, we will apply adaptive management principles and our sustainability planning will be an iterative process as shown in the sustainability planning framework. To ensure continuous improvement and sustainability leadership, we will review and update our sustainability plan biennially.

As part of our sustainability governance, we are committed to monitor our performance in order to track progress against this sustainability plan. Our Sustainability Sub-committee, established in September 2017, will track progress on a quarterly basis and oversee the delivery of this sustainability strategy delivery plan.

We will review our performance on an annual basis to apply best practice and promote sustainability leadership. Informed by regular benchmarking, we will internally review our sustainability strategy and delivery plan progress and suitability on an annual basis. We will publish amendments if materially significant changes are made.

To provide a transparent and accessible insight into our sustainability work, we will invite stakeholders to feedback on our sustainability reporting and planning. To keep our stakeholders informed of progress and ensure transparency of the key challenges and successes to delivering this plan, we will publish an annual sustainability report each summer reviewing the past year's performance and look ahead at the priorities and action for the following year. Progress against our delivery plans and performance indicators highlighted in our following plan summary will be tracked and reported.



Our ambitions	Our commitments	Our actions	Measuring progress (KPIs)
Connecting for Society	<i>Working collaboratively to deliver a whole system solution that promotes affordability.</i>	Social, environmental & economic cost-benefit analysis (CBA)	- Number of projects were assessed through the new CBA framework each year - MW low-carbon generation connected to the network - CO _{2e} displaced by the generation connected to the network
		Delivering requests for accelerated connections	- Report on the proportion of requests for an accelerated connection have been accommodated
Mitigating Climate Change	<i>To manage resources over the whole asset lifecycle, working towards a science-based greenhouse gas target.</i>	Adopting a Science based target for our own greenhouse gas emissions	- Performance against SBT target
		Including carbon considerations in investment decisions	- Number of projects were assessed through the new CBA framework each year
		Reducing carbon emissions across our value chain	- BCF carbon reduction reporting
Promoting the Natural Environment	<i>Delivering a biodiversity net gain for our projects</i>	Protecting and enhancing biodiversity	- Biodiversity Net gain: Percentage of projects meeting no net loss; Percentage of projects meeting net gain target - Overall biodiversity unit rate i.e. total number of biodiversity units won or lost across portfolio - Number of partnership projects
		Integrating wider environmental principles into decision making	- Number of projects were assessed through the new CBA framework each year
Optimising Resources	<i>Managing resources to maximise sustainability.</i>	Minimising waste	- Volume of waste - Waste sent to landfill - Number of contractors reporting waste data
		Resource efficiency	- Volume of materials consumed (e.g. packaging, consumables, water) - Volume of materials recycled or re-used - Number of contractors reporting resource use data
		Using Sustainable Materials	- No. of alternative/innovative materials used in construction projects
Supporting Thriving Communities	<i>To maximise the local social and economic benefit of our investments.</i>	Using local supply chains	- Local content ratio of our major project investments - Local socio-economic impact of each £ we spend
		Supporting community and locally owned renewable energy projects	- Delivery of community and locally owned renewable energy connections
		Giving back to communities	- Award of funds through our Resilient Communities Fund - The number of volunteering days used in local communities
Growing Careers	<i>Ensuring a safe and inclusive culture for our employees; adding value through good jobs, training and development</i>	Ensuring our workforce have the required skills and opportunities	- Investment in new trainees, apprentices and graduates joining SHE Transmission each year. - Number of internal job moves of SHE Transmission employees each year, additionally reporting on the proportion of employees moving to promoted posts.
		Promoting fairness, diversity and inclusion	- Diversity and inclusion metrics, including SHE Transmission's gender pay gap - Breaches of the Modern Slavery Act or Living wage commitment
		Using the skills gap as an opportunity to become a more inclusive employer	- Diversity and inclusion metrics

Feedback

This sustainability delivery plan aims to clearly document the action that we will take over the short, medium and long term to deliver our new sustainability strategy commitments. Ahead of finalising our sustainability plan, we are keen to understand stakeholders' views and opinions on whether this plan is sufficient to deliver our ambitions and meets the reasonable needs and expectations of our stakeholders. Specifically, we invite you to:

- Challenge our assumptions on what is required to implement our sustainability strategy;
- Comment on our key activity milestones; and,
- Provide general views and comments on the action activity areas and whether they meet your interests as a stakeholder.

We would appreciate if you could provide feedback to the following questions:



Are the most material – and impactful - sustainability actions prioritised?



Do you think the timescales we are proposing for the sustainability activities are suitably ambitious?



Are there any other activities critical to implementing our sustainability strategy that you consider to be missing from our sustainability plan?



Does this plan provide clarity on the areas where you or your organisation could engage with and/or support SHE Transmission sustainability activity/work?



What other emerging trends should we consider for our future sustainability planning?

Responding to this consultation

We are inviting responses to this consultation by 15 March 2019. If you have any queries on the content of this paper, please get in touch with us at: lowcarbonteam@sse.com

Information provided in response to this consultation may be used in future documents related to our Sustainability Strategy. Responses will be generalised and not attributed to specific respondents. If you would prefer the information that you provide to be treated as confidential, then please make us aware of this when responding to the consultation.

This paper will be hosted on:
www.ssen-transmission.co.uk/sustainability-and-environment

An online response form is available at:
www.ssen-transmission.co.uk/sustainability-and-environment/sustainability-strategy

Alternatively, please use the following contact methods to send in your responses:

E-mail: lowcarbonteam@sse.com

Post: Alex Sutton, Sustainability Manager, Scottish and Southern Electricity Networks, Inveralmond House, 200 Dunkeld Road, Perth, PH1 3AQ

