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JUST TRANSITION: **FROM PRINCIPLES TO ACTION**

Supporting workers transition from
high to low-carbon careers



ABOUT SSE

SSE plc is a UK-listed energy company that operates throughout the UK and Ireland. It is involved principally in the generation, transmission and distribution of electricity; and, in the supply of energy and related services to customers.

SSE's core businesses of economically-regulated electricity networks and provision of electricity from renewable sources, complemented by provision of electricity from thermal sources, have crucial roles to play in the transition to net-zero emissions. SSE's investment in net zero drives climate action while contributing to the economy and creating skilled, sustainable jobs right across UK and Ireland.

SSE's purpose, vision and strategy are defined by its commitment to net zero and ability to deliver this in a way that creates value for both shareholders and society. SSE closed its last coal-fired power station in 2020 and is currently building more renewable generation capability than any other company in the world. It has Paris-aligned interim science-based carbon targets for 2030 and is in the process of setting further stretching carbon targets aligned to a 1.5-degree pathway.

ABOUT THIS REPORT

This report follows from the publication of SSE's Just Transition Strategy in November 2020. After almost a year of consultation with a wide range of stakeholders, SSE has developed a series of actions for its business and a number of recommendations for industry and government which specifically aim to promote a smooth, fair and just transition to net zero for workers. A summary of these actions and recommendations is shown on page 5 and 6.

SSE will continue to engage extensively on its just transition approach and welcomes all feedback and requests for further engagement on the content of this report. Please email sustainability@sse.com with the email title 'Just Transition Strategy engagement'.

WHAT IS THE JUST TRANSITION?

A just transition seeks to reach net zero in the fairest way possible for working people, consumers and their communities, ensuring that the benefits of climate action are shared widely whilst preventing an unfair burden of the costs on those with the least.

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FROM PRINCIPLES TO ACTION

Foreword from Alistair Philips-Davies, CEO, SSE

In November 2020, SSE published its Just Transition Strategy, establishing a set of 20 principles to guide SSE's businesses through the social issues associated with the transition to net zero. In the ten months since, we have carried out extensive engagement with a wide range of stakeholders to develop our thinking further, with the aim of moving from principles to action.

This report is our next practical action to support a fair and just transition, this time aiming directly at workers currently in high-carbon industries. We knew that hundreds of former high-carbon workers had already joined SSE to work on low-carbon projects. The control room for the Beatrice offshore wind farm in Wick, in the north of Scotland, is an excellent case in point. Fully operational since 2019, two thirds of the control engineers stationed at the site are former oil and gas workers.

"We wanted to understand much more about the experience of our new employees. Why are former high-carbon workers shifting to low-carbon industries now? How easy was it for them? What could SSE – and others – do to make the transition smoother?"

The truth is, we didn't pursue a deliberate strategy of reaching out to former high-carbon workers, but the transferability of some of the skills made the wind farm an appealing career move for them. We wanted to understand much more about their experience. Why are former high-carbon workers shifting to low-carbon industries now? How easy was it for them? What could SSE – and others – do to make the transition smoother? The objective

of this report, therefore, is to answer those questions, both for the benefit of SSE, and in the interests of a fair and just transition in the UK and beyond.

It is important to recognise that predicting and pre-empting social injustices helps to prevent a disorderly transition; and finding a smooth pathway to net zero enables us to create and share the benefits of a decarbonised economy. It is equally important to say, however, that the pursuit of a smooth transition does not mean we can take the foot off the net zero pedal. The opposite is the case: the social impacts of extreme climate change have the most profound injustices of all – both at home and abroad.

"The pursuit of a smooth transition to net zero does not mean we can take the foot off the net zero pedal; the opposite is the case. Extreme climate change has the most profound injustices of all both at home and abroad."

There's a lot yet to do to reach net zero and if there is 'unfairness' – perceived and actual – to consumers, workers, and their communities, then the legitimacy of the very investments required to achieve net zero will be diminished.

"The prize of a fair and just transition to net zero is that the actions and investments to decarbonise energy systems attract long-term public support and legitimacy."

As businesses, as industries, and as countries, we need to work our way through these issues in detail and as openly as we can. It's the way to earn our stakeholders' trust that we are not only transitioning to net zero but doing it in a way that does not stoke up social problems in the future.

Since SSE published our Just Transition Strategy last year, we sense real momentum for a just transition to net zero. There is genuine consensus emerging amongst policy makers, companies, and trade unions that we can't allow the mistakes of previous industrial transformations to be repeated. With COP26 focusing the world on the transition ahead, I really hope this consensus develops beyond plans and principles into firm action from governments and companies.



Alistair Philips-Davies

INTRODUCTION

INCREASING FOCUS ON A JUST TRANSITION

Understanding the importance of the just transition is developing at pace. From its reference within the Paris Agreement in 2015 at COP21, all eyes are now on COP26 and global commitments to decarbonise and prevent the most dangerous consequences of the climate emergency. The IPCC and many others have made the scale of social impact associated with catastrophic climate change clear, but it is increasingly understood that there are social consequences of the transition to net zero itself too.

An emerging theme in climate discourse is therefore the importance of ensuring the transition to net zero is fair and just for people as well as the planet. From the United Nations to the Vatican, organisations and businesses around the world are seeking out the actions they must take to create a fairer, greener economy and secure public legitimacy for the huge scale of change and investment needed for the net zero transition..

SSE'S JUST TRANSITION STRATEGY



In November 2020, SSE published its Just Transition Strategy which outlines the principles to underpin the consideration of social impacts on workers, consumers, communities and suppliers in delivering net zero. This strategy has been described as the world's first business strategy for a just transition.

The strategy is framed into two themes: that the just transition requires 'transitioning in' to new or reformed activities with low or reducing carbon emissions, while simultaneously 'transitioning out' of high-carbon operations. Under these themes, SSE identified 20 principles for a just transition, which cover: good, green jobs; consumer fairness; building and operating new assets; supporting people in high-carbon jobs; and supporting communities.

SSE's Just Transition Strategy can be found on [sse.com/sustainability](https://www.sse.com/sustainability). The Strategy also provides an overview of the nature of SSE's transition to net zero carbon emissions, showing the reduction in thermal and increase in renewables output over time, accompanied by a growing transmission and smart distribution network.

MOVING FROM PRINCIPLES TO ACTIONS: A SERIES OF REPORTS FOCUSING ON THE WORKFORCE TRANSITION FIRST

Following on from SSE's Just Transition Strategy, this new report is the first in a series showcasing SSE's developing thinking and actions on a just transition. This report is therefore specifically focused on ideas for practical actions which companies, industry and government can undertake to promote an orderly 'transitioning in' of workers to good, green jobs.

The decision to focus on workers first reflects the scale of impact for this group globally and the importance of managing this change in a fair and just way. Close to home for SSE, the transition happening in and around the North Sea is significant. Decommissioning and repurposing assets in the oil and gas sector has begun, with an inevitable decline in a demand for these sources of energy generation. While there remains a large number of workers in the oil and gas sector in the UK, it is thought that lower energy demand during the coronavirus crisis and low oil prices has led to a decline in payroll (PAYE) employment in the north east at nearly twice the rate of that seen across Scotland as a whole.

Meanwhile, at the same time, the UK is seeing massive investment in renewable technologies and supporting infrastructure, with some of the most ambitious carbon targets in the world. Within SSE, a business strategy focused on net zero is driving multi-billion pound investment in renewable and supporting infrastructure, resulting in significant growth in jobs which has continued despite the challenges caused by the coronavirus pandemic. SSE's headcount grew from 12,133 at the end of 2019/20 to 12,489 at the end of 2020/21, with a total of 1,529 people joining the company over the year.

Further growth is also expected through SSE's direct and supply chain operations, particularly through its four core business units:

- Major **SSE Renewables** infrastructure projects in development and construction, including the world's largest offshore wind farm at Dogger Bank and Scotland's largest wind farm at Seagreen, are driving a significant increase in recruitment, with core staffing in this business expected to grow by at least another 10% over the current financial year and hundreds of highly skills jobs created through supply chain activity.
- **SSEN Transmission** has entered into a new price control period, with its RIIO-T2 business plan expected to provide a minimum of 250 new jobs and 1,600 supply chain jobs over the next five years.
- **SSEN Distribution** is currently preparing for its next price control period, RIIO-ED2, which runs from 2023 to 2028. In its draft business plan, submitted to the regulator, Ofgem, in July this year, SSEN Distribution said it expects to grow its workforce by 20%, from 4,000 to 4,800 over the five-year period. The five years from 2023 will be a transformative period for the UK's energy sector, and this workforce will be at the forefront of facilitating this transition and empowering communities to embrace a net zero future.



- As part of its commitment to a net zero future, **SSE Thermal** is progressing plans to decarbonise its power generation and will create hundreds of high-quality jobs across industrial heartlands in the process.

The jobs that will be created for the low-carbon future will be wide ranging, from engineers and chemists, to accountants, customer service agents and procurement professionals, and many others. There is a huge opportunity for people with many different types of skills to benefit from the growth of good, green jobs.

NEXT STEPS

SSE welcomes all feedback and requests for further engagement on the content of this report, which it expects to evolve as consultation and leading thinking around the just transition continues. Please email any feedback or questions about the content of this report or SSE's Just Transition Strategy to sustainability@sse.com with the email title 'Just Transition Strategy engagement'.

While this report focuses on one element of the worker story for the just transition, SSE is committed to continuing progress on the wider worker impact of the transition, including the actions that can be taken to provide worker protections for those 'transitioning out' of high carbon activities. Similarly, SSE will be exploring the consumer impact of the transition to net zero more closely over 2022.

SSE'S 20 PRINCIPLES FOR A JUST TRANSITION

| TRANSITIONING INTO A NET-ZERO WORLD | | | TRANSITIONING OUT OF A HIGH-CARBON WORLD | |
|--|---|---|--|---|
| <p>SSE'S PRINCIPLES FOR GOOD, GREEN JOBS</p> | <p>SSE'S PRINCIPLES FOR CONSUMER FAIRNESS</p> | <p>SSE'S PRINCIPLES FOR BUILDING AND OPERATING NEW ASSETS</p> | <p>SSE'S PRINCIPLES FOR PEOPLE IN HIGH-CARBON JOBS</p> | <p>SSE'S PRINCIPLES FOR SUPPORTING COMMUNITIES</p> |
| <ol style="list-style-type: none"> 1. Guarantee fair and decent work 2. Attract and grow talent 3. Value employee voice 4. Boost inclusion and diversity | <ol style="list-style-type: none"> 5. Co-create with stakeholders 6. Factor-in whole-system costs and benefits 7. Make transparent, evidence-based decisions 8. Advocate for fairness | <ol style="list-style-type: none"> 9. Support competitive domestic supply chains 10. Set social safeguards 11. Share value with communities 12. Implement responsible developer standards | <ol style="list-style-type: none"> 13. Re-purpose thermal generators for a net-zero world 14. Establish and maintain trust 15. Provide forward notice of change 16. Prioritise retraining and redeployment | <ol style="list-style-type: none"> 17. Deliver robust stakeholder consultation 18. Form partnerships across sectors 19. Promote further industrial development 20. Respect and record cultural heritage |

FIVE KEY ACTIONS TO SUPPORT THE WORKER TRANSITION

With 20 commitments for SSE, 10 recommendations for industry and 10 recommendations for government

| 5 KEY ACTIONS |  EMBED A JUST TRANSITION STRATEGY WITH ONGOING ACCOUNTABILITY |  INCREASE THE EASE OF RELEVANT SKILLS TRANSFER |  TARGET SKILLS DEVELOPMENT INTERVENTIONS |  PROVIDE ATTRACTIVE EMPLOYMENT PACKAGES WHICH GUARANTEE GOOD, SECURE GREEN JOBS |  CREATE DOMESTIC JOB OPPORTUNITIES AND INSPIRE FUTURE NET ZERO CAREERS |
|--------------------------------------|---|---|---|--|--|
| 20 SSE COMMITMENTS | <ul style="list-style-type: none"> Embed 'just transition' into the business and people strategies of core businesses. Report on progress against the Just Transition Strategy within the Group's Annual Report and Sustainability Report. Board-level oversight and approval of progress against SSE's Just Transition Strategy. | <ul style="list-style-type: none"> Run a STEM Returner programme for people with STEM backgrounds currently out of STEM careers. Pilot an Engineering Conversion Programme for new talent transitioning into SSE from other sectors. Review induction programmes to embed the cultural and beyond-operational skills needed for a low-carbon career. Actively encourage networking amongst former high carbon workers potentially through mentoring and establishing formal networks. Remove requirement for specific industry experience in job adverts (unless necessary) and actively welcome people with transferable skills. Review opportunities to move to strength-based (rather than experiential/education) recruitment criteria. | <ul style="list-style-type: none"> Consult employees who have transitioned to low-carbon roles to understand what training has had most impact and where there are gaps so development plans can be offered to future transitioning employees. Continue to promote a culture of continuous development and learning while also committing to pay for the acquisition of formal skills-based qualifications where these are essential for new roles. Continue to invest and develop flexible pipeline programmes to build natural low-carbon career pathways for people joining the industry in entry-level roles. | <ul style="list-style-type: none"> Guarantee attractive standards for employees, including: leading health and safety performance; the right to freedom of association and collective bargaining; payment of at least a real Living Wage, accompanied by Living Hours; respect and incorporation of employee voice; the right to work flexibly; ongoing investment in training and development; a focus on increasing inclusion and diversity; a robust approach to business ethics with clear channels for whistleblowing. Offer permanent contracts as standard for permanent roles. Collaborate and partner to protect human rights through direct and supply chain operations. Use testimonials from employees that have transitioned to showcase the overall benefits of a low-carbon career. | <ul style="list-style-type: none"> Work with supply chain partners to demonstrate demand and build domestic supply chain capabilities and infrastructure. Include local supply chain requirements in contracts. Collaborate with academia, union partners, industry and skills bodies to build skills programmes for the future. Implement a STEM Education Outreach Strategy with strategic school and delivery partners. |
| 10 INDUSTRY RECOMMENDATIONS | <ul style="list-style-type: none"> Work with industry bodies such as SOWEC, OWIC and RenewableUK alongside skills bodies to embed the just transition within strategy and objectives. | <ul style="list-style-type: none"> Develop a common 'all-energy' framework for the key skills needed for a low-carbon career. Develop a skills assessment framework to promote identification and portability of common skills and certifications. Assess the value of a common industry 'mark' for roles open to transferable skills, similar to the 'Happy to talk flexible working' mark. Development of commonly accepted standards for new technology such as floating offshore wind and adoption of existing standards for ancillary services such as rescue and helicopter training. | <ul style="list-style-type: none"> Create resources, guidance and signposting for new skills needed for a low-carbon career, acknowledging the wide-ranging roles, beyond technical positions, available. Where appropriate, develop structured training for shared key skills such as specific courses by OEMs on wind turbine systems. | <ul style="list-style-type: none"> Benchmark workplace benefits across high and low-carbon roles, including: base salary; pension; bonuses; wider financial benefits; anti-social work patterns; working hour flexibility; long-term career prospects; training; opportunities for development; health and safety risk; sense of purpose; and job satisfaction. Showcase the value of overall employment packages and lifestyle within a low-carbon career. | <ul style="list-style-type: none"> Provide clear information on the skills requirements for a net zero future, including evolving technologies such as CCS and hydrogen, and the extending or re-living of assets. |
| 10 GOVERNMENT RECOMMENDATIONS | <ul style="list-style-type: none"> Create a Net Zero Plan for the Power Sector with a time-bound action plan for just transition. Include the just transition as an explicit priority within economic strategic planning, especially at a 'place-based' level. Provide the opportunity for social dialogue, potentially establishing Just Transition Commissions to deliver collaboration between industry, trade unions and environmental organisations. | <ul style="list-style-type: none"> Provide skills matching support, for example a portal for low-carbon jobs open to those with high-carbon experience. | <ul style="list-style-type: none"> Carry out a comprehensive national skills review and study of skills gaps for the future low-carbon economy. In consultation with high-carbon workers and industry, build a Just Transition Fund and/or Skills Bank that ensures effective and efficient utilisation of training levies and offers retraining programmes. | <ul style="list-style-type: none"> Where there is public sector support for climate action, 'Fair Work' terms should be actively promoted to prevent a race to the bottom on employment standards. Focus should also be on ensuring robust labour standards in maritime settings. | <ul style="list-style-type: none"> Use public sector levers to support competitive local supply chains and increased levels of local content for energy infrastructure projects. Continue to provide clear signals to the energy market on low-carbon asset growth. Implement a strategic approach to investment in the facilities and capabilities needed to support the low-carbon energy industry in the longer term. |

ENGAGEMENT IN ACTION

Consulting a wide range of stakeholders

SSE'S JUST TRANSITION EMPLOYEE SURVEY

SSE was aware that a significant number of employees had moved to low carbon career from high-carbon roles, for example externally from the North Sea oil and and internally from unabated gas power stations. Within SSE's senior renewables operations team for example, it was estimated that around half of employees had this background. And at the Beatrice offshore wind farm operations base in Wick in the north of Scotland, two-thirds of control room operators had moved into SSE from a role within offshore oil and gas.

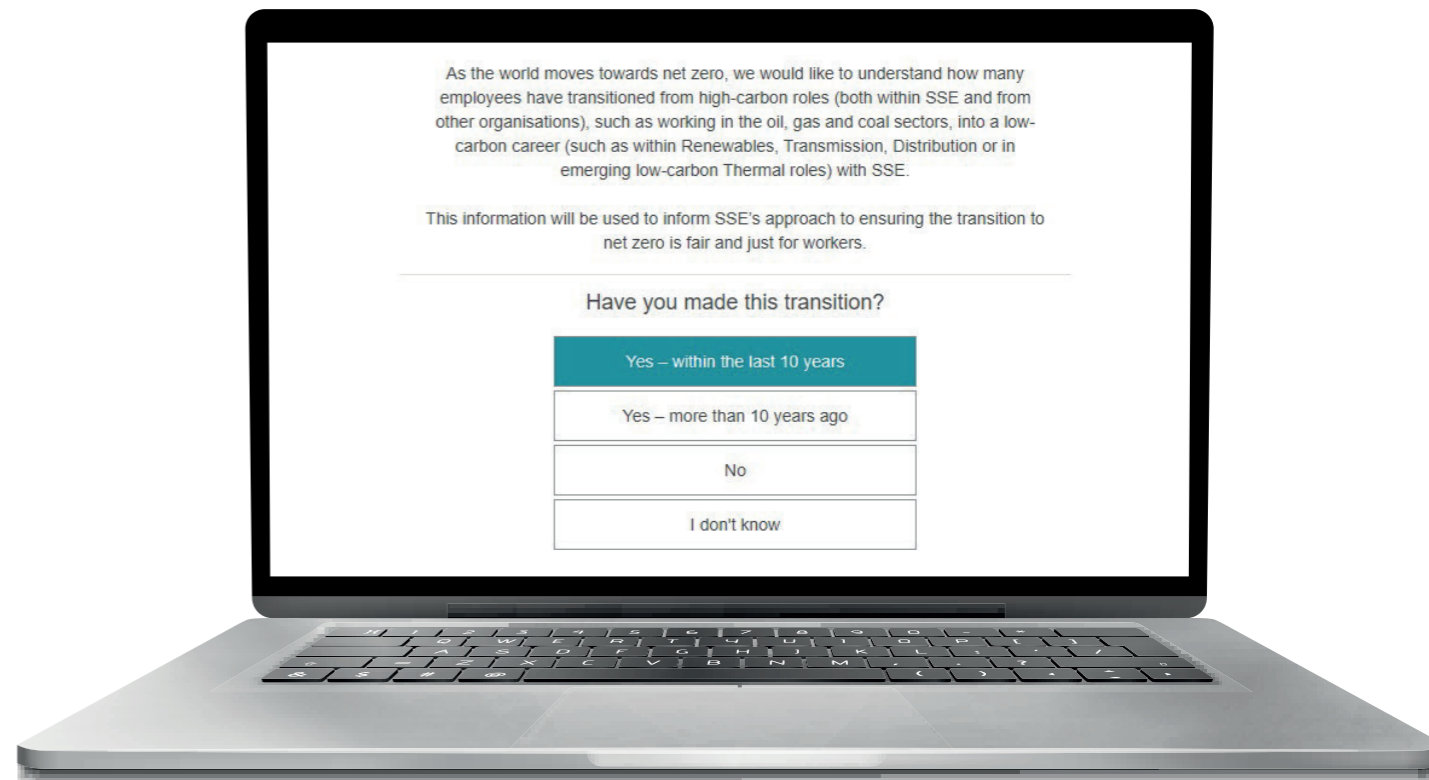
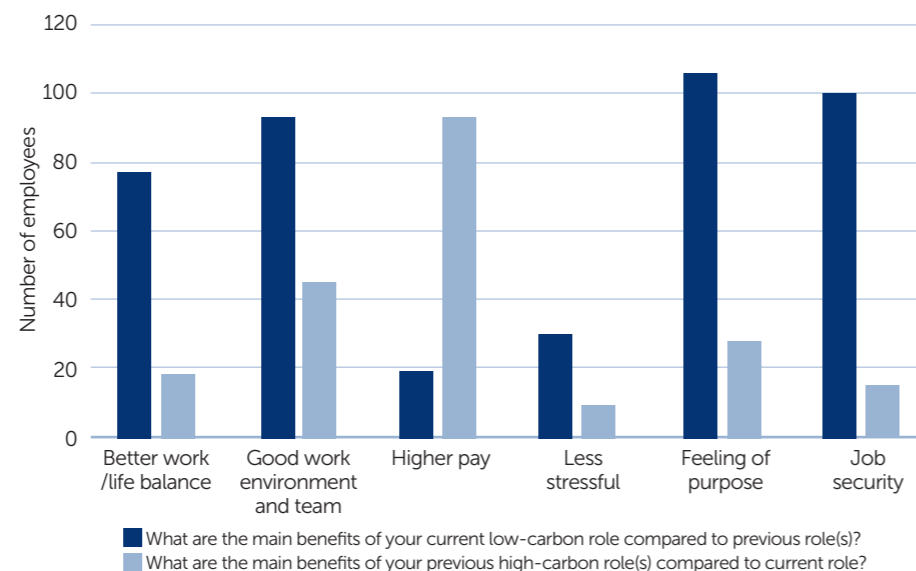
That's why in August 2021, SSE launched a survey to understand the nature of this transition to the company. The purpose of the survey was to gain insights into why employees had made the move into a low-carbon career and gain feedback into what would make the move easier and more attractive to others. It's this feedback which has inspired many of the key commitments and recommendations made in this report.

Over 150 SSE employees completed the survey, answering questions about their current job and providing information on

their previous roles. Employees were asked about why they changed career as well as the key benefits of working in a low-carbon career vs a high-carbon career and vice versa. Feedback was also received on whether SSE has provided adequate training and support for transitioning across the sector, with the opportunity for employees to give their views on

what more SSE should be doing to attract, develop and retain people working in high-carbon roles.

153
employees responded to SSE's just transition employee survey



Screenshot from SSE's employee engagement survey 2021.

SSE is tracking the overall proportion of its workforce who have transitioned from high to low-carbon careers through its all-employee engagement survey which runs annually and typically achieves around a 75-80% response rate. This is being asked for the first time in the 2021 survey which closes in October, and will be asked for on an annual basis going forward.

As of 28 September, the results from the employee engagement survey showed that, of a total 6,685 employees that had responded so far, 1,081 had transitioned to SSE from a high-carbon role within the last 10 years and 336 employees had transitioned more than 10 years ago. This means that more than one in five (21%) of all employees that responded to the survey have previously worked in a high-carbon career.

1 in 5
of SSE's employees previously worked in high-carbon jobs

In its just transition employee survey, SSE asked what one piece of advice employees that had made the transition from a high to low carbon career would offer to those who had not yet transitioned. The 137 responses to this question are detailed in full on page 22 to 26.



TOP 5 REASONS FOR CHANGING CAREER

1. Better long-term career prospects (51%)
2. Environmental considerations (49%)
3. Opportunity to work on exciting projects (47%)
4. Learning new skills that will help me develop in my career (41%)
5. More time with family and doing things outside of work (32%)



THE JUST ENERGY TRANSITION WORKSTREAM

The Council for Inclusive Capitalism, a collaboration of CEOs and global leaders organised through the Vatican, is leading a new initiative called the Just Energy Transition workstream. This initiative seeks to develop a framework for action for companies to manage their net zero transition so that it is just for their workers, communities, and customers. It builds upon existing research and brings together leading companies, investors, and non-profit entities to provide clarity for companies on actions they can take to promote and advance a just transition. Representatives from SSE and SSE's CEO, Alistair Philips-Davies, have been active members of the workstream, following the invite to join the initiative after publishing its own Just Transition Strategy.

The Just Energy Transition workstream is being led by the Council with members bp and BCG, and with the involvement of the UN Special Envoy for Climate Action and Finance, the International Trade Union Confederation, State Street, CalPERS, and Inclusive Capital Partners. It is also collaborating with partners such as the Sustainable Markets Initiative, Climate Action 100+, and the World Benchmarking Alliance to support companies outlining pragmatic actions and sharing evidence of their progress.

The workstream invites participating companies to make new commitments and take action for their own just energy transition, which will be shared at a Round Table at the sidelines of COP26 in Glasgow in November 2021. Through these public commitments, companies will contribute their best ideas for a just energy transition and learn from the best practices of others. The Council will host a knowledge platform on its site that will serve as a learning laboratory for business leaders to share best practices and learnings to advance organisations' actions and impact for a just energy transition.

This work has influenced SSE and helped to shape some of the actions within this report. SSE is committed to continuing to work with the Council and the Just Energy Transition workstream, and to publicly disclosing the actions it is taking to promote a just

transition for workers, communities and consumers through this framework. It will also actively promote the knowledge platform through its supply chain and peer networks to encourage the adoption of best practice actions for supporting a just transition.

More information about the Just Energy Transition workstream and participating organisations can be found on www.inclusivecapitalism.com/jet-workstream.

THE JUST ENERGY TRANSITION WORKSTREAM'S GUIDING PRINCIPLES FOR A JUST ENERGY TRANSITION

- 1. Sustainable future for all:** Commitment to universal carbon neutral energy access for consumers
- 2. Fair and decent work:** Creation of more, decent jobs alongside adequate and sustainable social protection and right to bargain
- 3. Worker rights and social dialogue:** Respect of fundamental rights at work and promotion of two-way dialogue
- 4. Community-specific approach:** No 'one size fits all' solutions: Initiatives designed for the specific conditions and needs of communities
- 5. Social consensus and due participation:** Strong social consensus on the goals and pathways to sustainability and an enabling environment for all stakeholders to drive the transition
- 6. Diversity and Inclusion:** Programs take into account the strong gender, racial and socioeconomic dimensions of many environmental challenges and opportunities
- 7. Collaboration and Transparency:** Collaboration between businesses/sectors and evidence-based progress reporting to promote transparency

THE SCOTTISH JUST TRANSITION COMMISSION

The Scottish Government established a Just Transition Commission in 2019 to provide practical and affordable recommendations to Scottish Ministers. SSE provided one of the 10 commissioners, its Chief Sustainability Officer, to join the Just Transition Commission and work alongside other commissioners from industry, trade unions and environmental organisations.

The final Just Transition Commission report was published in March 2021, with 24 recommendations are centred on four key themes:

- pursue an **orderly, managed transition** to net-zero that creates benefits and opportunities for people across Scotland
- equip people with the **skills and education** they need to benefit from the transition
- as we take climate action we need to **empower and invigorate our communities** and strengthen local economies
- **share the benefits** of climate action widely, while ensuring that the **costs are distributed on the basis of ability to pay**

SSE supports all 24 recommendations and has used the relevant recommendations to inform its commitments and recommendations detailed within this report.

MEANINGFUL ENGAGEMENT WITH TRADE UNION PARTNERS

SSE recognises the critical role trade unions play, particularly in times of transition, for ensuring the employee voice is factored into decision-making. Any person that works for SSE or on its behalf should have the right to freedom of association and collective bargaining, with this included explicitly within SSE's Employment Policy and Sustainable Procurement Code.

SSE has long-standing and mature frameworks to facilitate partnership working with trade unions. It has four trade union partners: Unite, Unison, GMB and Prospect. SSE has updated and sought feedback on its just transition approach from its union partners three times since publication of its Just Transition Strategy in November 2020. In creating the commitments to action detailed within this report, SSE also reviewed the recommendations detailed within 'A just transition plan for the UK Power Sector', a discussion paper from Prospect, published in October 2020. SSE is committed to continuing to engage with its trade union partners on a just transition and will continue to meet with them at least twice per year to discuss emerging thinking in this area.

The appointment of a non-executive director with responsibility for employee matters has also elevated the strategic nature of the employee perspective to SSE's Board. Listening to, and acting on, employee voices in the just transition to net zero will inform SSE's decision-making at a strategic and workforce level. SSE is committed to continuing to engage with its trade union partners on a just transition and will continue to meet with them at least twice per year to discuss emerging thinking in this area.

CASE STUDY

ENGAGING WITH INVESTORS: THE ORIGIN OF SSE'S JUST TRANSITION STRATEGY

In early 2020, SSE was approached by two of its investors, Royal London Asset Management (RLAM) and Friends Provident Foundation. They were looking to understand how energy utilities were considering the 'just transition' and what companies' strategies were to ensure this was properly being factored into decision-making. RLAM and Friends Provident Foundation went on to submit a question in advance of SSE's 2020 AGM, asking the company to consider adopting a formal Just Transition Strategy. SSE committed to doing so in its response and continued to engage with the investors as the strategy developed.

RLAM and Friends Provident Foundation proved influential in shaping SSE's Just Transition Strategy and 20 principles. In November 2020, SSE published its Just Transition Strategy, which was welcomed by the investors. SSE has continued to engage since publication to share and shape developing thinking on both sides. SSE also supported the launch of the Investor Coalition for a just transition, led by the LSE Grantham Institute alongside investors and trade unions. Professor Nick Robins and colleagues at the LSE Grantham Institute have provided inspiration and valuable input in developing SSE's thinking around the just transition, as well as advocating for actions for a just transition more widely.

"Fairness and climate ambition must go hand in hand. We are in no doubt that climate action can bring multiple benefits, including quality green jobs and improved social inclusion. But past experience leaves us in no doubt that for these benefits to be realised, we must plan and be prepared to take decisive action. Failing to tackle the climate emergency would result in social and economic upheaval; the scale of suffering would eclipse the challenge we face, here and now."

Professor Jim Skea, Chair of the Just Transition Commission



WORKING WITH SUPPLY CHAIN PARTNERS ON JUST TRANSITION COMMITMENTS

SSE has over 10,000 suppliers and is currently investing as part of a five-year £7.5bn capex program to 2025. It procures around £2-3bn annually, covering a wide variety of goods and services. The size and complexity of SSE's supply chain means that, without engagement with and commitment from its suppliers on responsible procurement practices, SSE cannot progress towards a just transition.

SSE is working with a number of its strategic suppliers to specifically engage with them on the just transition and find common commitments which create and support good, green jobs. SSE has also become an active partner of the cross-industry Supply Chain Sustainability School, giving its suppliers of all sizes free access to resources on a wide range of sustainability topics. The company will pro-actively work with the School to raise awareness on 'just transition' and support the development and creation resources relating to the just transition.



CONTINUED COLLABORATION WITH INDUSTRY, EDUCATION AND SKILLS BODIES

SSE's Just Transition Strategy and its commitments and recommendations within this report are the result of the robust relationships it has with its stakeholders, including numerous industry, education and skills bodies. Ongoing engagement, consultation and collaboration with these partners, and others, is critical in developing just transition plans and strategies.

In developing its thinking around tangible actions to support workers move from high to low-carbon careers, SSE met with renewables trade body RenewableUK who are looking at the just transition as part of their activities and are contributing leading thinking in this space. RenewableUK provided valuable feedback to improve SSE's key recommendations within this report. SSE will continue to engage with the organisation, as well as other trade and industry bodies, to support actions for a just transition. SSE is also an active member of the UK's Offshore Wind Industry Council and the Scottish Offshore Wind Energy Council and will continue to promote focus on a just transition through these organisations too.

SSE has also met with Skills Development Scotland (SDS) to understand their activities and priorities for promoting a just transition. While still evolving, SDS's new Green Jobs Workforce Academy¹ has informed several of SSE's recommendations. It aims to support workers to more readily understand their transferable skills; identify future skills gaps; and take action to upskill, through delivering a Climate Emergency Skills Action Plan and promoting initiatives such as transition training, providing incentives and access to job matching. SDS is also working on a programme on the 'Greening of Scottish Apprenticeships', supporting the concept of 'all energy' apprenticeship models for net zero.

Inspiring the next generation of workers to develop the right skills and understand the benefits of a low-carbon career is a core element of the just transition. As well as having a number of university partners, SSE has a dedicated STEM Education Outreach Strategy to encourage more school pupils into STEM vocations. Ensuring STEM careers appeal to a diverse group of students is a central element to this strategy. Over 2020/21, SSE worked with external education partners My Kinda Future to create curriculum aligned and it also began establishing strategic partnerships with 11 secondary schools across the UK and Ireland.

¹ www.greenjobs.scot



CASE STUDY

SSE'S EFFORTS TO RAISE AWARENESS OF THE 'JUST TRANSITION'

While understanding of the importance of a socially fair transition to net zero is increasing, the expression 'just transition' remains far from being a term that most people and organisations have heard of before. A survey of offshore oil and gas workers² found that 91% of the 1,383 respondents had not heard of a "just transition".

SSE has been doing its part to raise awareness and understanding of what the just transition is and why it matters so much. Between publishing its Just Transition Strategy in November 2020 and the end of September 2021, representatives from SSE have spoken at 15 national and international conferences and events which had the just transition as either the main or a significant focus.

15

public events where SSE has focused on the just transition

SSE PUBLIC ENGAGEMENTS ON THE JUST TRANSITION:

1. Launch of the Investor Alliance For a Just Transition (Nov 2020)
2. UN Global Compact Climate Forum (Nov 2020)
3. Local Authority Pension Fund Forum (LAPFF) Annual Conference (Dec 2020)
4. LAPFF All-Party Parliamentary Group inquiry into 'Responsible Investment for a just transition' (Jan 2021)
5. Powering Past Coal Alliance conference (Mar 2021)
6. Fair for the future event with Sustainability First (Mar 2021)
7. Standard Life Aberdeen event on the just transition (Mar 2021)
8. Opening address of Scottish Renewables annual conference (Mar 2021)
9. Launch of the Scottish government's Just Transition Commission findings report (Mar 2021)
10. The Andrew Raven Trust (community organisation) (Jun 2021)
11. Greenbank Investor Conference (Jun 2021)
12. CEO opening roundtable for the Just Energy Transition workstream (Jul 2021)
13. Future of Utilities annual conference (Sep 2021)
14. SSE virtual ESG investor seminar, hosted by Morgan Stanley (Sep 2021)
15. Global Offshore Wind conference (Sep 2021)

FINDINGS IN FOCUS

Key considerations for the worker transition

GUARANTEEING GOOD, GREEN JOBS

Guaranteeing good working conditions and fair labour standards is the foundation for a just transition of workers. Incentives and market interventions to support the construction of assets needed for net zero must consider and include explicit requirements for ensuring standards for workers: ensuring a level-playing field for companies and providing an uncompromising commitment to protecting people. This is consistent with the Just Transition Commission's recommendation that all public funding for climate action should be conditional on Fair Work terms, defined as: investment in skills and training; no inappropriate use of zero hours contracts; action to tackle the gender pay gap; genuine workforce engagement including with trade unions; and paying the real Living Wage.

SSE has a well-established responsible employer ethos and will continue to implement leading, beyond-minimum labour standards for everyone that works for it directly or on its behalf:

- Safety comes first at SSE with the objective that 'everyone gets home safe'
- Guarantee that everyone who directly works for SSE or regularly on its sites is paid at least a real Living Wage.
- Guarantee Living Hours³ alongside a real Living Wage for those working directly for SSE or regularly on its sites.
- Respect and incorporation of employee voice.

- Implement a clear Inclusion and Diversity Strategy to increase the range of backgrounds of people employed by SSE.
- Respect the right to freedom of association and collective bargaining for everyone that works on its behalf.
- Invest millions of pounds each year in learning, training and development.
- Robust approach to business ethics with clear channels for workers to speak up against any form of wrongdoing.

In addition, companies, industry and government must all work to ensure that current loopholes for labour standards in maritime settings are addressed. SSE has extended its Living Wage Clause in all service and works contracts to ensure that it now covers those working regularly on its sites offshore.

Underpinning all of these standards must be an uncompromising commitment to protect human rights in the transition to net zero. SSE will continue to pro-actively work with experts and peers to implement its Modern Slavery Action Plan which was created following a gap analysis and recommendations from human rights experts, Stronger Together. Full details of SSE's approach to mitigating the risk of modern slavery in its direct and supply chain operations can be found within its Modern Slavery Statement available on the sse.com homepage.

CASE STUDY

PERSPECTIVES FROM WORKERS AT BEATRICE OFFSHORE WIND FARM

Alan Paul worked in the oil and gas industry for almost 30 years. Born and brought up in Wick, Caithness, home to the operation and maintenance base of Scotland's largest offshore windfarm, Beatrice, he is control room team lead at the base. Alan looks after a team of four control room operators and four marine co-ordinators, with two-thirds of them coming from offshore oil and gas industries.

He said: "Joining the team at Beatrice I've used quite a lot skills from my previous roles. I was initially an electrician offshore before moving into production operations, control room and in then into supervisory roles, so the skills are definitely transferable. Renewables is certainly the

way forward. Oil and gas is undoubtedly on the decline whilst renewables are on the way up. Beatrice has been an excellent place to come and work."

Eva Hymers is an electrical engineer, with SSE Renewables at Beatrice. Originally from Thurso, Caithness, Eva began her career as an apprentice in the oil and gas industry. She worked in a number of roles including an authorised electrical technician on a north-sea oil platform.

She said: "I experienced many times of uncertainty with the oil downturn bringing redundancies to companies I had worked for. When a colleague of mine left for a position with a renewable company which offered more stability, I started

to become interested in the renewable sector.

"After being in oil and gas for more than five years, I decided I wanted a new challenge and SSE seemed the perfect opportunity. Making the switch to Beatrice I've really enjoyed working in a dynamic, ever changing and challenging environment.

"Whilst being able to travel home at night from work is great, but with my job role I will still get the opportunity to travel to different sites in the UK which is very important to me. This gives me the best of both worlds – as I enjoy meeting new people and being involved in different projects."

THE TRANSFER OF SKILLS

It is well understood that many of the skills required for a low-carbon career are readily transferable from the high-carbon energy sector. In the SSE just transition employee survey, employees that had transitioned from high-carbon roles into low-carbon roles were asked about the skills they had brought from their previous career and what skills had they needed to learn for their new role. The graphs below show the results, with the spread across different categories of skills for both brought and learned skills reflects the high levels of transferability with many different types of skills being useful for a low-carbon career.

Results from SSE's just transition employee survey



Recognising the transferability of skills is an important action for companies, industry and government to take. Employees in SSE's just transition employee survey highlighted some good practice for example, by not asking for specific low-carbon, such as renewables, experience within job adverts unless absolutely necessary, employees are encouraged to apply for these roles from other sectors. A focus on skills and strengths-based criteria for recruitment, rather than specific types and/or years of experience in certain industries if not a requirement,

is an important action for companies to take. Going further, organisations should explicitly call out that applications from those with transferable experience are welcome.

"Having a background in Renewables isn't necessary, as we welcome applications from those with transferable experience. It's more important to us that you share our values, bring unique experience and are eager to learn."

- Extract from SSE Renewables job advert for 'Renewables - C&I Engineer Opportunities', September 2021

From an industry perspective, there may be value in developing a shared 'Mark' or icon, similar to the 'Happy to talk flexible working' mark, to signal that employers welcome transferable experience for certain roles. In addition, the industry should look to create a common 'all-energy' framework for the key strengths and skills needed for a low-carbon career. Visibility of what these transferable skills are and a willingness to accept them is an important signal to employees in high-carbon roles. This is consistent with feedback from SSE's just transition employee survey where over 70% of respondents said more information is needed on the types of skills needed and which skills are transferable for a low-carbon career.

During the Just Transition Commission's engagement with stakeholders, the idea of a widely recognised skills passport was highlighted. Workers and their representatives highlighted problems caused by differing qualifications between offshore sectors, with the significant costs of gaining these often falling on the worker (see page 15 on 'Supporting skills development' for information on SSE's commitments around this issue). SSE is continuing to engage with sector and skills bodies on this idea of a common skills passport.

SSE is also pursuing other options to increase the ease of relevant skills transfer between high and low-carbon jobs. This includes:

- A 12-week STEM Returners programme for people that have a STEM background but have not been working in a STEM career for 5+ years;
- Investigating the option to run a pilot 6-12 month Engineering Conversion programme in 2022/23 for engineers joining the company from other industries; and
- Reviewing whether more positions can be offered as a secondment opportunity.

For government, the creation of a jobs portal for low-carbon opportunities which are open to those with high-carbon experience at a country, or even global, level could be a practical initiative to support the ease of workers transferring between these careers.

³ Living Hours is a new standard which has been developed by the Living Wage Foundation which calls on employers to provide alongside a real Living Wage:

- Decent notice periods for shifts. At least 4 weeks' notice, with guaranteed payment if shifts are cancelled within this notice period.
- A right to a contract with living hours. The right to a contract that reflects accurate hours worked, and a guaranteed minimum of 16 hours a week (unless the worker requests otherwise)

SUPPORTING SKILLS DEVELOPMENT

While many skills are readily transferable between high-carbon and low-carbon energy roles, inevitably some new skills need to be developed and new certifications will be required. In the case of offshore wind operations for example, workers need to have a minimum set of training requirements and standards as defined by the Global Wind Organisation (GWO)⁴, of which SSE is a member. Industry-level resources, guidance and signposting for new skills needed for a low-carbon career can support workers to better understand their skills gaps and how to fill them.

SSE believes the financial cost of developing new skills for the transition to net zero should not be a burden on workers. The company therefore does not require workers to have specific training completed in advance of hire and will pay for any skills training that is necessary for an employee to undertake their role. It requires the same approach to be taken by contractors working on its behalf.

Within SSE's just transition employee survey, employees were asked whether SSE had helped with reskilling and developing the new skills needed for their current low-carbon role. While around two thirds of respondents said yes, around a quarter of employees said no (though this included responses from employees that said the question was non-applicable.) When asked what more SSE could be doing to support people transitioning from high-carbon sectors, just under half of respondents said more training and development should be

offered. SSE will therefore seek to consult further with these employees and work with its dedicated Learning and Talent team understand what training has had most impact and where there are gaps so development plans can be offered to future transitioning employees.

Feedback from SSE employees through the survey also highlighted the importance of developing from within, for example to provide a clear pathway and opportunity for skills development for junior technical positions to develop into engineering roles. SSE runs a number of early career programmes, including its apprenticeship programme, trainee engineer programme and graduate programme. Over 2020/21, more than 450 people were on one of these programmes. SSE will continue to use and develop flexible pipeline programmes to build natural low-carbon career pathways for people joining the industry in entry-level roles.

At a government level, SSE is supportive of the Just Transition Commission's recommendation that workers in high-carbon sectors should be provided with a skills guarantee. The first step is to carry out a comprehensive national skills review and study of skills gaps for the future low-carbon economy. Following this, in consultation with high-carbon workers and industry, this skills guarantee could perhaps be providing through the creation of a Just Transition Fund and/or Skills Bank that ensures effective and efficient utilisation of training levies and offers retraining programmes.

CASE STUDY

THE FUTURE OF THERMAL: A NEW GENERATION OF APPRENTICES AT PETERHEAD

As Scotland's only major thermal power station, Peterhead Power Station provides critical flexibility to the electricity system, supporting increased penetration from renewable generation while maintaining security of supply. As part of its commitment to a net zero future, SSE Thermal is progressing plans to decarbonise its power generation at the site, working with Equinor to develop one of the UK's first power stations equipped with carbon capture technology. This will ensure the site can continue to provide essential flexible power generation while supporting the UK's transition to net zero carbon emissions.

Over 2021, ten apprentices launched

their careers at Peterhead Power Station, a record intake for the north-east power station as it looks to a low-carbon future. Working across a variety of business areas, the ten apprentices are due to start further education in September, with the majority based at North East Scotland College's Fraserburgh campus. They will continue to blend formal education with practical work-based learning across a four-year Modern Apprenticeship programme. All apprentices will be fully supported by the station's senior management team and each will have a designated mentor.

Lee Gray, SSE Thermal's Station Manager at Peterhead said: "SSE

Thermal has ambitious plans to develop a new carbon capture equipped power station at Peterhead, which will create hundreds of low-carbon jobs through construction and operation and this makes it a particularly exciting time for these new apprentices to be joining our business. We are committed to delivering a robust apprenticeship programme for each individual, giving them the opportunity to build their practical knowledge and experience. Upon completion of their programme, they will all be in a strong position to pursue careers within their desired industry, and hopefully some will be able to forge long-term careers here at Peterhead with SSE Thermal."

⁴ GWO standards are created by the industry, for the industry, with members including globally leading turbine manufacturers and owners who represent a majority of installed wind energy capacity around the world. Together, they create common training standards that aim to ensure the highest safety standards for workers and build a competent workforce.



CREATING DOMESTIC JOB OPPORTUNITIES

A priority area of action from SSE's Just Transition Strategy was focusing on increased domestic content of projects, specifically offshore wind developments. The ability to widely share the economic benefit of low-carbon investments is a key component of delivering fairness: it means working people, particularly those currently in industries which are in decline, can access new skills and jobs.

In places like the UK, effective energy policy has delivered competitive auctions for renewable generation that, by definition, prioritises low prices. While this is highly effective in driving down energy prices, which in itself has important social value, there has been a concern that insufficient supply chain opportunities have been maximised for working people in the places where these assets are located. Failure to create skilled and sustainable employment at scale risks securing public legitimacy to pursue a just transition amongst workers and communities.

Balancing the costs to consumers with the creation of domestic manufacturing jobs is central to securing public support for net zero; made all the more important by the fact that the operation of many low-carbon assets will support far less labour than oil and gas production and extraction. Therefore, and in line with the recommendations of the Scottish Just Transition Commission, SSE believes that all levers should be used to achieve increased local content and more competitive domestic supply chains in the places where infrastructure is being built.

SSE is proactive in supporting policymakers and industry to work together to release



the benefits that arise from a vibrant UK-based supply chain. SSE has prioritised close collaboration with supply chain partners to bring about greater investment in UK manufacturing of key components needed for its projects, particularly for offshore wind. For example, SSE Renewables worked closely with GE in support of their plans to establish a turbine blade factory in Teesside, with the first orders needed to underpin the investment coming from Dogger Bank Wind Farm, a Joint Venture with Equinor and Eni. This activity will support 750 direct and 1,500 indirect jobs.

More widely, SSE's senior leadership team have taken positions within industry bodies, including the Scottish Energy Advisory Group, a supply chain review, the Offshore Wind Industry Council and the Scottish Offshore Wind Energy Council, with the objective of supporting practical and actionable steps that will result in

a sustainable domestic supply chain, capable of competing internationally. Whilst this demonstrates important progress, there remains room for a more mature UK renewables' supply chain. This requires direct government investment in key supporting infrastructure, including ports and manufacturing facilities. To that end, SSE continues to work closely with government, the supply chain and the wider industry.

In addition, there are opportunities for significant improvements in government incentive programmes for renewables projects and requirements for business plans for regulated assets in order to bring about greater job creation in domestic markets. As SSE has stated previously, it believes that a key way to achieve greater benefits for both people and planet is to include requirements around the carbon emissions associated with the construction of new assets.

"The reasons for failing to create a thriving manufacturing base are many and well-rehearsed. They include a lack of investment in fabrication and construction alongside lack of progress towards improving ports and harbour infrastructure identified over a decade ago. Through the course of our work, we heard concerns about an uneven playing-field, with Scottish-based companies competing against overseas manufacturers who are often state-subsidised. We can also point to the Contracts for Difference price stabilisation mechanism, which while incredibly successful in driving cost down, neglects domestic capital content and employment standards."

Extract from the Scotland's Just Transition Commission's report 'Just Transition Commission: A National Mission for a fairer, greener Scotland'

SEAGREEN AND DOGGER BANK OFFSHORE WIND FARMS: SO FAR* OVER 3,400 JOBS CREATED AND SUPPORTED THROUGHOUT THE UK

PORT OF NIGG, TAIN - 141 jobs

Seagreen: Through **Global Energy Group**, 141 jobs will be supported during peak construction, including work for 93 permanent roles already on-site as well as the creation of an additional 48 new roles at the port. Wick-based **Northern Marine Services (Scotland) Ltd** will work onsite at the **Port of Nigg** on behalf of Seagreen to oversee the marshalling and installation works being carried out by Global Energy Group.

MONTROSE - 145-150 jobs

Seagreen: 25-30 jobs safeguarded as a result of work on the operations building and repurposed warehouse, which will be carried out by Montrose-based **Pert-Bruce Construction Ltd** and several local subcontractors. The contract to supply the communications mast has been awarded to Aberdeen-based **PD&MS Group. Harry Maiden Ltd**, steel fabricators based in Montrose, will install the metal framework of the new operations and maintenance building.

Up to 60 jobs will be created and located at **Montrose Port**. **Vestas** will also employ up to 60 jobs to be based on their offshore service operations vessel, which will use the port every 2-3 weeks to rotate crew, staff and replenish the offshore warehouse.

TEESIDE & EAST RIDING

- **850 direct jobs, 1,500 indirect jobs**
Dogger Bank: 750 direct and around 1,500 indirect jobs will be supported as a result of the set-up of **LM Wind Power's** new world-class blade manufacturing facility on Teesside, which will provide the Dogger Bank turbine blades. In addition, 100 jobs, from management to apprentices and trainees, will be provided in East Riding and Teesside by **Jones Bros Civil Engineering UK** at the height of the onshore civil engineering work.

*Data correct as of June 2021. Further jobs across the UK are expected to be created and supported as a result of these projects. SSE will continue to provide open disclosure on the scale, location and type of jobs linked to these projects.

ABERDEEN - 150 jobs

Seagreen: 50 jobs at peak activity at **Seaway 7's** Aberdeen office where the Engineering, Procurement, Construction and Installation (EPCI) contract will be managed. A further 100 jobs are expected to be supported by **Petrofac** for the construction of the onshore substation.

SCOTLAND & NE ENGLAND - 130 jobs

Dogger Bank: 130 new full-time UK-based operations jobs created in crewing and shore-based roles through **North Star Renewables**.

PORT OF TYNE - 200 jobs

Dogger Bank: 200 jobs employed through **GE Renewable Energy** and directly by **Dogger Bank Wind Farm** will be based offshore and at the Port of Tyne for Operations and Maintenance of the wind farm once operational.

HARTLEPOOL - 300 jobs

Dogger Bank: 300 construction jobs for installation and commissioning activities across Dogger Bank A, B and C will be based out of locations across north-east England to be announced by **GE Renewable Energy** in due course. These include 120 construction jobs already announced at **Able Seaton Port** in Hartlepool.

NEWPORT, ISLE OF WIGHT AND FAWLEY, HAMPSHIRE

Seagreen: Of the 114 V164 blade sets to be installed at Seagreen, 99 will be produced by **Vestas** domestically at their UK facilities, representing 87% of all the blades.

JOB SECURITY AND LONG-TERM CAREERS

Commitment to decarbonisation inevitably means that high-carbon roles are in decline: there are fewer jobs and they are unlikely to have the same lifespan as low-carbon roles. Many positions within the oil and gas sector are also volatile as a result of changing gas prices and other external factors which impact demand, such as the coronavirus pandemic.

A Greenpeace, Friends of the Earth Scotland and Platform survey of oil and gas workers⁵ found that 58% of the 1,383 respondents said that job security was the most important consideration for them when thinking about moving to a job outside the oil and gas industry and/or their industry changing. In addition, when asked to rank their happiness on a scale of 1 (very unhappy) to 5 (very happy) for job security, these workers scored it 1.9/5 on average. The same survey found that 43% of respondents had been made redundant or furloughed since March 2020 due to the coronavirus crisis, and that 82% said they would consider moving to a job outside of the oil and gas industry, with the vast majority citing this was a result of a lack of job security, decreasing employment rights and hostile conditions.

Likewise, SSE's just transition employee survey showed the importance of job security to employees that have already made the transition from high to low-carbon careers. 'Better long-term career prospects' was the top reason (51%) why employees had changed career and just under two thirds of respondents cited 'Job security' as a key benefit of their current role, compared to less than one in ten that said this was a key benefit in their previous high-carbon role.

To mitigate concerns about job security, SSE offers permanent contracts to the vast majority of employees (95% of SSE employee are on permanent contracts). Over 2020/21, SSE employees had an average length of service of 10.7 years and the company's voluntary turnover rate was 3.6%. In response to feedback from its just transition

employee survey, SSE will also provide more information externally on what a career at the company looks like and where it expects future roles to be. As well as obvious growth areas of the business, such as SSE Renewables and SSEN Transmission, feedback from employees noted the importance of also communicating all the different types of skills and careers needed for the company's transition, from chemists to IT experts.

2020/21 STATISTICS

95%
Proportion of SSE employees on permanent contracts

10.7 years
Average length of service of an SSE employee

3.6%
SSE's voluntary turnover rate

PURPOSEFUL WORK: IT'S MORE THAN 'JUST' A JOB

The importance of 'purpose-led' business has gained significant momentum in recent years. The results of SSE's just transition employee survey also reflect this trend. When asked the top reasons for leaving their previous high-carbon roles for a new low-carbon career, the second top answer from employees was 'Environmental considerations', with around half (49%) citing this as a reason. Additionally, 70% said that 'Feeling of purpose' was a key benefit of their current low-carbon career compared to their previous high-carbon role. This compares to 18% who said 'Feeling of purpose' was a key benefit of their previous role compared to their current role.

Conversations with SSE's HR leaders suggested that this is a new trend for SSE's workforce, with concern for the environment previously understood to be a relatively rare rather than mainstream reason to join

the company. SSE's business redesign to focus on its core businesses and purpose, vision and strategy all focused on net zero may have helped attract employees who want to work for a company committed to taking climate action.

OPPORTUNITY FOR BETTER WORK/LIFE BALANCE

High-carbon careers, particularly for offshore workers, can be linked to anti-social working patterns including long periods spent away from home, friends and family in return for long-periods off. Whilst some people may prefer this working pattern and the opportunities it presents, it was cited as a challenge by many of the SSE employees which responded to the company's just transition survey.

When asked the top reasons for leaving their previous high-carbon roles for a low-carbon career, a third of respondents said that it was so that they could spend more time with family and to do things outside of work. Additionally, while 12% of respondents said that they had a better work/life balance was a key benefit of their previous high-carbon career, more than four times as many respondents (50%) said this was a benefit of their current role compared to their previous role.

SSE is committed to offering flexible working in all job adverts where this is an option. Prior to the coronavirus outbreak, SSE had rolled out flexible working across the organisation with 61% of people able to 'work differently' in 2019, compared to just 10% in 2015. In the 2020 employee engagement survey, 72% of employees said they could 'work differently' and this increased to 78% in the "Ways of Working" employee survey in April 2021. 'Happy to talk flexible working' was promoted on 89% of job adverts in 2021 (2020: 77%). SSE will continue to offer agile working arrangements when employees return to offices.

A SHIFT IN CULTURE

The issue of differences in culture between high and low-carbon jobs came up numerous times within

the responses to SSE's just transition employee survey (see page 25). In response, SSE will review its employee induction programmes and seek to embed the cultural and beyond-operational skills needed for a low-carbon career. In addition, it will consult employees on the value of a mentoring and/or general network for people who have transitioned from high to low-carbon careers so that these people can share their experiences and challenges and hear from others who have been in a similar position.

THE ISSUE OF PAY

Historically, high carbon careers, particularly in oil and gas extraction, have a reputation for very high levels of pay. This is the result of a number of factors, including higher risks associated with working offshore, exposure to job insecurity and volatility, and the impact on family life from working patterns such as 'two weeks on, two weeks off'.

In SSE's just transition survey, 93 employees said that higher pay in their previous role was a key benefit, compared to 19 people who cited it as a key benefit of their new role. This implies that around 60% of employees that responded to SSE's survey, the vast majority of which joined SSE from the oil and gas sector, took a pay cut when transitioning to a low-carbon career. The responses by SSE employees provided in the open text questions of the survey (see page 22 onwards) give an insight into why they made this decision, including: better work/life balance; sense of purpose; better future career prospects; increased job security; and improved job satisfaction.

Comparing benefits packages between high and low carbon roles due to the high transferability of skills is logical, however the factors cited by SSE's employees as key benefits of their low-carbon careers should be factored into the total value of the employment package. A lack of clarity and benchmarking of these differences could be addressed by a cross-industry assessment of workplace benefits, including: base salary; pension; bonuses; wider financial benefits; anti-social work patterns; working hour



flexibility; long-term career prospects; training; opportunities for development; health and safety risk; sense of purpose; and job satisfaction.

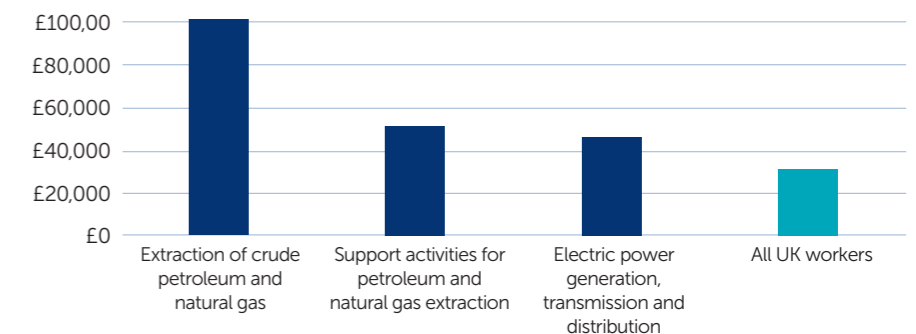
In moving towards a net zero economy, it is important too to acknowledge that average levels of pay across an industry which are significantly higher than average pay across the wider labour market may not be sustainable in the long term. The graph below using ONS data (source under graph) shows that the 2020 average gross annual pay for workers involved in the extraction of crude petroleum and natural gas in the UK was £101,259, more than 3x the average pay across all UK workers of £31,590. Those involved in support activities for petroleum and natural gas extraction had an average pay of £52,136.

For those working in the electric power generation, transmission and

distribution industry, gross average pay in the UK in 2020 was £46,144, which is 1.5x above the overall UK average. SSE believes that it is within the interests of electricity consumers that pay levels within the electricity sector do not rise to match those seen in the oil and gas sectors as the competition for talent and these skills continues to intensify, nor that these previous levels of unsustainable remuneration are used as a benchmark going forward.

Showcasing the value of overall employment packages within low-carbon careers – which incorporates higher than average salaries as well as benefits such as good work/life balance, investment in development, job security, sense of purpose and job satisfaction – is the responsibility of companies like SSE as well as wider industry and government too.

2020 average* annual pay (gross) by UK Standard Industry Classification (SIC) 2007 code



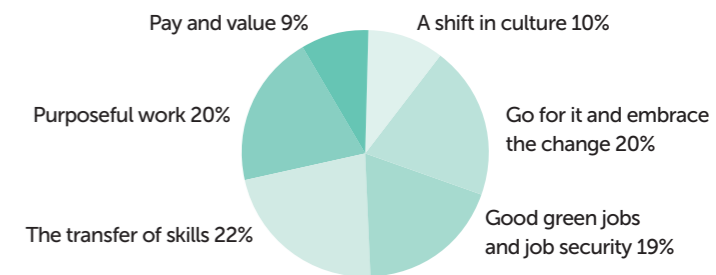
*Mean pay disclosed with the exception of 'Support activities for petroleum and natural gas extraction' which only discloses median pay. Source: UK Office for National Statistics (ONS), Earnings and hours worked, industry by four-digit SIC: ASHE Table 16, provisional 2020 dataset, released 3 November 2020



137 PIECES OF ADVICE

What SSE employees would tell others thinking about transitioning

In SSE's just transition employee survey, employees were asked 'What would be your one piece of advice for someone thinking about transitioning out of a high-carbon sector and into a low-carbon role?' 137 employees responded to this question, with all of their answers provided verbatim on the following pages. The answers have been grouped into themes as shown in the pie chart.



| THEME | SSE EMPLOYEE ADVICE |
|----------------------------------|--|
| GO FOR IT AND EMBRACE THE CHANGE | Go for it! |
| | Be brave and apply for other roles |
| | do it ! |
| | Go for it. Whatever you may think of how your previous role may relate, the skills and knowledge you bring are transferrable and with a little training on the Renewables industries you'll be up to speed in no time. |
| | Embrace the change and enjoy making a difference in a positive manner. |
| | Go for it |
| | Yes- do it. But be prepared to take onboard new practices, different subject matter. |
| | The earlier the move is made the easier it will be. |
| | Embrace the role |
| | Just Do it, your skills are transferable and in certain cases the knowledge and experience you have from more traditional developed industries will be new to low carbon roles and can add real value. |
| | Do it! Your existing skills are valuable and transferable and can make a positive impact on the planet, the economy and your personal sense of purpose. |
| | If you find the correct role and position that would suit your needs, go for it. |
| | just do it , the skills you will have gained are transferrable and adaptable to a developing side of the industry with new challenges and opportunities |
| | Be open to developing in different areas that you may not have experience in |
| | Just go for it! Working in an office (or from home!) or out on site in the fresh air are both infinitely better than working down a pit! |
| | Do it - upskill and diversify for the future |
| | to embrace the change |
| | It's not as painful as you think it will be |
| | That it's an exciting time to be in the energy sector and it's important to embrace the changes that not only the sector but the whole world now face. |
| | It's not as easy as you think, however very satisfying |
| | Don't be put off if it takes time to make the transition, if you have applied to several different roles in the same company with no success they might all be roles in 10 different hiring managers or teams. Every role is different and the next role might be more suitable. Also make sure your CV is relevant and highlights exactly the transferrable skills you can bring to renewables. Don't use industry jargon on your CV unless it is relevant to renewables. |
| | Do it! |
| | It can be difficult making the move but it is worth it. It could be difficult to change but stick in and it will work out. |
| | Be flexible and open to new adventures, embrace change its a new world. |
| | Apply, and if you are unsuccessful apply again. |
| | Just do it - its never too late. |
| | Make the change sooner rather than later before you get left behind |

Specific references to company names have been removed to standardise advice

| THEME | SSE EMPLOYEE ADVICE |
|----------------------------------|--|
| GOOD GREEN JOBS AND JOB SECURITY | Think about your goals holistically. The employment 'package' including career development, job security, good corporate culture. The low carbon sector provides a wide variety of roles opportunities. |
| | Do it now as there is no future where you are working |
| | The benefits out rule the reduction in salary (benefits - exciting projects, career progression opportunities, flexible working, younger workforce etc) |
| | The high carbon sector is shrinking, and so there are less jobs available all the time. this means opportunities may be limited. |
| | The low carbon industry is expanding all the time and will increasingly do so as Batteries, Hydrogen, Tidal etc increase. To accommodate this there will be more jobs created and therefore more opportunities. |
| | Petrol / diesel consumption will fall in the next 5-10 years, electric vehicles usage will rise, oil & gas demand will fall, the entire oil and gas industry will suffer, it's time to think of low-carbon jobs |
| | Be clear on what a low carbon economy and infrastructure looks like long term. |
| | Transitioning to a low-carbon role is a great opportunity to move into a more sustainable industry with longer term job prospects. |
| | Look to the longer term future |
| | Research about the company and their projects and future prospect and skills needed to make an impact in the new role |
| | In my opinion, people will go where there are better career prospects, better working conditions and more interesting work. Carbon was not a factor in my decision to move careers, but it is certainly a positive aside that my new career is "green". I would feel bad / guilty working for a highly polluting industry or sector however. |
| | You have to make you own choice but wouldn't regret the move. This gives you more stability and long term prospects in a developing world. |
| | To develop an understanding/appreciation of the diversity of roles available in the low-carbon arena, i.e. there's more to the sector than offshore wind; with the Transmission business effectively the key enabler for these developments to connect to the grid. |
| | Plan in advance to adapt away from the inflated day-rate wage-structure. Probably start the transition sooner than later as the O&G sector is so volatile |
| | Learn the new technology, it is the future. |
| | A great opportunity to take centre stage to ensure that you have a good understanding of sector targets and company deliverables to ensure every decision you make supports our ambition. |
| | If you want job security, remember that low-carbon is the future. Also, the industry will only expand. |
| | The range of opportunities and the scale of the challenge - being involved at the start of the transition |
| | For me personally it was a decision of family over wealth as I had missed so much of my daughter growing up. But having worked with [a low carbon company] now for just a year and the steps the company are taking to reach Net-0 it would be grasp the opportunity with both hands. The possibilities to progress within the company is a very positive thing and it looks like the government pressure on the O&G industry their time could be nearing an end in the near distant future. The diverse and growing projects in plan are too great for one to not consider a great career in the low carbon industry. |
| | Main thing for me was the better work life balance, previous role had extremely long days and came with stress. Uncertainty around job security in the oil and gas sector whereas with the significant amount of work [planned] this job has much better long term security. |
| | There is the potential to have a better work life balance. |
| | Have a 2, 5 and 10 year plan and write it down, speak to the hiring manager about it and get it discussed. |
| | This industry needs a huge amount of additional resource (engineering especially, but clearly other roles too) and will do for decades, so now is a better time to transition than later. Once they have made a decision on whether they want to transition or not, and if they do, find out what skills are required and work out any gaps, then explore all options available to them given their circumstances (including additional study to fill the gaps or enhance their application) and apply for any role which would achieve this, even if the role pays less in the short term. Careers are long - the direction is much more important than the role. |
| | Low carbon is the future |
| | The Oil and Gas industry is a difficult industry to both get into and get out off. I worked for 10 years in the industry and not once felt like I was in a secure job. Transitioning from Oil and Gas to Onshore Wind has given me a real peace of mind in terms of job security and progression. |
| | Emerging industries like carbon capture and hydrogen will be well-placed to attract some of the skilled professionals in the oil & gas sector whose skillsets don't easily transfer into renewables (e.g. production engineers/technicians, chemists, some types of integrity engineers). More clarity on the expected types of roles that will emerge in these industries would be beneficial to increase interest. |

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| THEME | SSE EMPLOYEE ADVICE |
|-----------------|---|
| PURPOSEFUL WORK | If you want to remain in a high carbon role you need to be comfortable with how this sits with regards to the global drive towards net carbon zero. |
| | It feels good to be working for a sector that isn't openly causing damage to the environment. |
| | Consider what your role in a high carbon business is doing to our planet and what it will do for our children and future, also realise that this is not a industry that will last forever and moving to a low carbon industry will only help speed the improvements we need to make to help climate change. |
| | Job satisfaction is really important, being proud of what you are contributing to. |
| | There is the opportunity to make a real and tangible positive difference. There are lots of different roles available, for lots of different skill-sets. Its a rewarding career option, both financially and in terms of personal fulfilment. |
| | The sense of purpose that comes from having a role in the low carbon transition, combined with the better work-life balance from [low carbon] companies, more than compensates for the potentially lower pay. |
| | Do it, even in my short time it is a literal breath of fresh air working for a company which closer follows my own ethical views on reducing CO2 and climate change. |
| | It is good to be part of an organisation that is involved in and really cares about environmental issues and climate change. It makes you feel part of 'something bigger' where the company is doing something positive that will affect generations to come. |
| | To take the time to reflect on the sense of purpose that working for a company at the vanguard of the efforts to help us reach critical environmental goals. |
| | To save the Environment - the Low Carbon Route needs to be developed further, more feasible options need to be developed, this can only be achieved by encouraging more people into this sector, no matter what their age is (I am 66 !) |
| | Ensure that the full end-to-end of the role and organisation is low carbon if this is your main motivation. It is easy for organisations to say they are low carbon, when in fact they aren't. |
| | much better sense of purpose and a future more aligned to the future direction we need to take |
| | The feeling of purpose will always be there even when work is challenging and you are having a tough day. |
| | Remember why you are doing it |
| | If you want to make a difference to the biggest environmental challenge of our lifetimes, take the leap. Being part of the team building the world's largest offshore wind farm provides a level of job satisfaction I've not experienced before. |
| | Take a few moments to think about what is important to you in life. Then look at the your current role versus a low carbon role and decide if it aligns with your priorities. |
| | To stay where they are and make the difference there. The satisfaction and benefit would be so much more positive. I believe its naive to think that everyone's not looking at zero carbon. That being the case, its all about benefit challenge and opportunity. |
| | You will contribute positively to our future carbon footprint |
| | We have a strong moral purpose around providing energy to the UK that will make you proud every day. The calibre of talent in our company is very high, you will be working with highly skilled professional people. Just we cause we are smaller in size of FTE doesn't mean you can't have a massive impact on the future of the UK energy future and the UKs low carbon economy. We don't expect you to know everything we're happy to learn from you and teach you too. |
| | The world is striving for a net zero future and the renewables industry will be at the forefront of this. |
| | don't do it because it is hype. Do it because you have something to contribute with. |
| | View the bigger picture of how the [a low carbon company's] strategy feeds into the UK government strategy for net zero to get a good sense of purpose and embrace the detailed engineering challenges available in Thermal to contribute alongside Renewables. |
| | Don't think twice about it - be part of a sustainable future for yourself, your family, the nation and beyond! |
| | Find a solid reason why low-carbon role suits better. Have a vision of low-carbon-tomorrow and try to picture a sustainable developing world and a resilient nature with a lot less carbon-effect. |
| | Everyone has a different narrative and personal experience so have conviction and don't be afraid of doing something different. |
| | We are our choices, and this could be the best choice you could do to make a difference in meeting your personal ambitions with net zero and with the added benefits of a secure future with a company that makes a difference. |
| | You have to be passionate about renewables as that is what drives everyone forward in this industry. |

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| PAY AND VALUE | The core purpose of getting out of the bed knowing that you're helping to save the planet is massive. However there is a financial cost to this and I think [low carbon companies] need to do more to bridge this gap. |
| | Expect pay/package cut but more opportunities for future career and doing the right thing for the environment |
| | It's great to do a job that is making a positive impact on society and the future. Your salary doesn't define your worth so try not to worry too much about the pay cut! |
| | In a transition from oil and gas to renewables from a welder / fabricator to a plant attendant I would tell people money is not everything. I would prefer to get myself in to a fitters role for the skills and pay but this is a pathway that I am discussing with team leader. so would tell people that once you are "in" you can make moves about to other roles. |
| | Do it, even if it means going a slight backward step in career and pay at first. It is worth it in the long term! |
| | Salary is not everything |
| | Don't think about the pay cheque for this month, think about long-term career prospects within your industry. |
| | Manage salary and package expectations. |
| | Very similar industries, pay is inevitably less, however security of the role is invaluable and as a result so is progression. |
| | Accept, before transitioning, that there will be a different culture and pay structure to adapt too. Go in at a lower grade and, even if you dislike it, stick at it for 1 year to learn about the new normal. You'll know if it is right for you after that. |
| A SHIFT IN CULTURE | The pay decrease may be off-putting but the increase in job satisfaction and job security is well worth it. If you are just starting out like me the graduate roles seem very attractive in that industry but it's not worth killing the planet over. |
| | Our salaries and packages are miles away from carbon intensive industries - part of a just transition is meeting people half way on this. |
| | Be prepared to learn - whilst some skills are transferable, accept that moving industry may be a bigger culture change than you realise. |
| | It's different culturally, it's more structured and risk averse. Budgets are more tightly controlled |
| | Just the change of mindset - it's a new element to consider when making business decisions |
| | Don't expect things to be the same, culturally or otherwise. |
| | Ensure that the role is appropriate and be aware that the organisation will be different from where your coming from. |
| | Do your research on the company you want to apply for, not all operators are the same. Be prepared to change and adapt to different ways of working and different operational focus and objectives. The message of safe and efficient is still key in both industries and remember that challenge should be accepted both ways. |
| | Renewables wise the skills and knowledge is far wider with less use of contractor support than oil and gas typically so understand the roles and prepare well for interviews. |
| | Renewables is different to oil and gas projects (more different than I expected). There are obviously going to be transferable skills and similarities depending on the specific role you do, however it has taken time to understand the differences in the safety maturity of the contractors in particular. |
| | let go of old ways of thinking. |
| | remember that your new employer is likely not to be an O&G major and that they will have a stronger commitment to protection of the environment and people, and that budgets aren't infinite |
| | Be prepared to travel to remote locations in the UK. |
| | Come with an open mind |
| | Value diversity |
| There can be a lack of] clear structure or processes in place to enable rapid production and issue of project deliverables. Be prepared for hinderance rather than help for getting projects through the various stages. | |
| THE TRANSFER OF SKILLS | I have been speaking to friends and family who are currently working in oil and gas, and the main piece of advice is that they should recognise that they have valuable transferrable skills. They often feel it won't be apply to renewables, but our teams face similar challenges, it requires logical and hard working staff, which they will easily be able to achieve, they just need to be able to make the link to how they are applicable. |
| | Identify the type of position you would be looking to transition into, i.e. technical, commercial, projects, operations, quality, support etc. - set up job alerts across a spread of relevant companies. Summarise your qualifications, in role responsibilities and experience (using a CV type structure). Find some tips on writing concise paragraphs, the situation, your role, the outcome. Tailor these to the specific role you are targeting and filter out the unnecessary technical jargon from your previous position. i.e. TLAs! Find a friend/coach/trusted external person to discuss and get feedback. |
| | Think outside of your cv. List your skills and how you can apply them to low carbon. You will be surprised |
| | Consider adaptability and training |
| | Trust that your existing energy knowledge is very transferrable and that you can make a successful transition to low carbon, even if you have felt or feel typecast in a current high-carbon role. |

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| THE TRANSFER OF SKILLS | Do your homework and learn about the low-carbon sector, how it operates, the regulations, how it makes money. Do what you can to broaden your skills, particularly if you can get industry recognised qualification. Oil and Gas companies are notoriously bad at supporting employees to get industry recognised qualifications so may need to look at ways of doing this yourself. Try to sell yourself in ways that recruiters in low-carbon can understand. |
| | Believe in yourself. Your experience is valuable and needed for the low-carbon industry. There are many things the low carbon industry can learn from the high carbon industry, especially in terms of project management, portfolio management. |
| | The skills you have are not as niche as you think and there are a lot more jobs on land that you can access than you think. Take the jump. |
| | Yours skills are transferable, but you may have to be prepared to take a slightly more junior role whilst consolidating the new experience you will inevitably gain. (Bonus point - just go for it - it's exciting!) |
| | Many of the skills people have developed within the high-carbon sector are fully transferrable to the low-carbon sector, so people shouldn't be too concerned about making the transition. |
| | Many of the processes and systems are very similar between oil and gas and renewables which makes the transition less of a jump. |
| | So many skills are surprisingly transferrable, and with the right approach to development, learning new skills, you will no doubt prove to be of great value to the low-carbon sector. |
| | The required skills are not really different to the ones you already have. |
| | The skills are transferable, valid and essential to the success of [low carbon companies] though you may have challenges when trying to demonstrate that fact with those who have been [there] for a long period who may not see your non-electric/non-operational experience as valid or useful. Stay enthused as eventually they will realise and if they don't just keep doing the right things. |
| | Your skillset is more transferrable than you think! |
| | Identify your transferable skills, invest in self development and learn more about the low-carbon industry |
| | You have more overlapping skills than you think. |
| | Think about the skills you can transfer there are more similarities than you would at first imagine. |
| | It's not as scary as you think! Most skills are transferable. |
| | Don't be afraid to utilise your existing knowledge from the industry as the fundamentals are similar within gas / water / electric etc. Transferrable skills are highly valued. |
| | Research, talk to as many people as you can, go to events / join networks, find ways to incorporate what you're interested in to your current role to build up experience, think about a short course etc. The reality is you will have so many transferrable skills and there are lots of opportunities - be brave! The sense of purpose is so worth it! |
| | What is key with any role is that you have the skills and capabilities to flourish and develop in the role, that you enjoy it and that it gives you a sense of broader satisfaction in making a difference. Such roles area available in both sectors and most skills required area easily transferable between the two - hence don't over-estimate the challenge - just make the move if you feel it is the right thing for you. |
| | The two types of industries have more in common than you realise. |
| | Be clear on your transferrable skills |
| | Offshore workers with trade backgrounds should definitely be able to transition, if you have the skills and experience an employer is looking for then they will employ if you fit what they need. |
| | Go for it, your skills are transferable and it will give you more purpose and job security |
| | The skill sets as a professional engineer are easily transferable. |
| | Make the move, the skills are easily transferable and its the future. |
| | A lot of Oil & Gas skills are far more transferable than you probably think. |
| | Remember that skills are transferrable, don't discount yourself based on lack of experience in the low carbon sector. Some of the experience and skills you have learned during your career will likely benefit the new role you are applying for. |
| It is important to realise the expanding types of careers that are becoming available in renewables. Renewables, dominated by wind, has so far been dominated by Construction (design a project, construct it, move to next project.) and Operations (operate and maintain, usually within a warranty situation) However, we are now moving into life extension and re-lifing of existing assets. This takes additional skills as it requires engineers who understand how plant fails, when it may fail, what the factors are and what the risks and mitigations are to personnel, asset, environment and reputation. This is a focus within industry. But is is clear to those of us in aged industries (like Thermal) that the wider renewables industry has along way to go in this. Therefore, there are many opportunities for people from those aged industries to bring those skills to Renewables. | |

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