

CARBON REDUCTION PLAN GUIDANCE

Notes for Completion

Where an In-Scope Organisation has determined that the measure applies to the procurement, suppliers wishing to bid for that contract are required at the selection stage to submit a Carbon Reduction Plan which details their organisational carbon footprint and confirms their commitment to achieving Net Zero by 2050.

Carbon Reduction Plans are to be completed by the bidding supplier entity and must meet the reporting requirements set out in supporting guidance, and include the supplier's current carbon footprint and its commitment to reducing emissions to achieve Net Zero emissions by 2050.

The Carbon Reduction Plan should be updated regularly (at least annually) and published and clearly signposted on the supplier's UK website. It should be approved by a director (or equivalent senior leadership) within the supplier's organisation to demonstrate a clear commitment to emissions reduction at the highest level. Suppliers may wish to adopt the key objectives of the Carbon Reduction Plan within their strategic plans.

A template for the Carbon Reduction Plan is set out below. Please complete and publish your Carbon Reduction Plan in accordance with the reporting standard published alongside this PPN.

Carbon Reduction Plan Template

Supplier Name: SSE Heat Networks Limited

Publication Date: September 2021

Commitment to achieving Net Zero

SSE Heat Networks Limited is committed to achieving net zero emissions by 2050. As a limited company under the SSE plc umbrella, SSE Heat Networks Limited aligns with SSE plc's vision of being a leading energy company in a net zero world. To achieve this, our strategy is to create value for shareholders and society by developing, building, operating, and investing in the electricity infrastructure and businesses needed in the transition to net zero. Sustainability is one of SSE's core values, defined as 'we do things responsibly to add long-term value'.

SSE plc has committed to achieving net zero greenhouse gas emissions across scopes 1,2 and 3 by 2050 at the latest. This commitment is supported by verified science-based targets on the 1.5-degree aligned pathway. This commitment is supported by a £12.5bn capital expenditure plan, investing in low carbon infrastructure over the five years to 2026.

Baseline Emissions Footprint

Baseline emissions are a record of the greenhouse gases that have been produced in the past and were produced prior to the introduction of any strategies to reduce emissions. Baseline emissions are the reference point against which emissions reduction can be measured.

Baseline Year: 2018¹
Additional Details relating to the Baseline Emissions calculations.
Annually SSE Plc GHG data is assured by PwC ² , which includes Heat Network Limited data. There are some exclusions as stated in the GHG reporting criteria ³ . We constantly review standards, data points for materiality and relevance with the view to improve data quantity and quality annually.

¹ 2018 calendar year (January 2018 to December 2018)

² PwC assurance statement: https://www.sse.com/media/1iid42qo/pwc-limited-assurance-2020_21.pdf

³ GHG reporting criteria: https://www.sse.com/media/kxvnkgit/ghg-and-water-reporting-criteria-2020_21.pdf

Baseline year emissions: 2018	
EMISSIONS	TOTAL (tCO₂e)
Scope 1⁴	402
Scope 2⁵	41,568
Scope 3⁶ (Business Travel)	112
Total Emissions	42,083

Current Emissions Reporting

Reporting Year: 2020	
EMISSIONS	TOTAL (tCO₂e)
Scope 1	936
Scope 2	18,662
Scope 3 (Business Travel)	41
Total Emissions	19,639

⁴ Scope 1 includes stationary combustion emissions and mobile combustion equipment.

⁵ Scope 2 includes purchased electricity; steam, heat and cooling are not purchased.

⁶ Scope 3 includes business travel (hotel, air, rail business travel; mileage claim expenses, and leased fleet vehicles with telematic boxes).

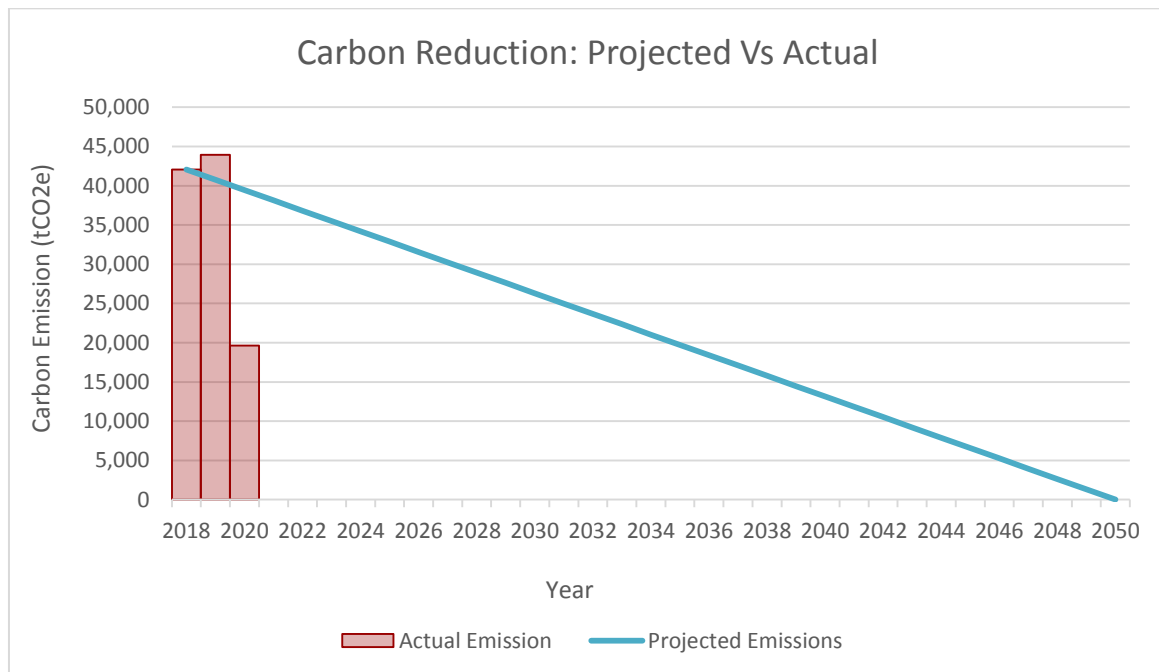
Emissions reduction targets

To continue our progress to achieving net zero, we have adopted the following carbon reduction targets:

- **Scope 1:** Reduce carbon emissions of owned generating assets by 80% between 2018 and 2030; from 402 to 80 tCO₂e.
- **Scope 1 & 2:** Reduce carbon emissions by 70% between 2018 and 2030; from 41,971 to 12,591 tCO₂e.
- **Scope 3:** Engage with 50% of suppliers, by spend, to ensure they have set a net-zero plan by 2024.
- **Scope 3:** All new company provided vehicles and all hired vehicles up to 3.5t from April 2025 will be electric.

We project that scope 1 and 2 carbon emissions of our current asset base will decrease over the next five years to 16,094 tCO₂e by 2025. This is an overall reduction of 62% against the 2018 baseline.

Progress against these targets can be seen in the graph below:



Carbon Reduction Projects

Completed Carbon Reduction Initiatives

The following environmental management measures and projects have been completed or implemented since the 2018 baseline. The scope 1, 2 and 3 carbon emission reduction achieved by these schemes equate to 22,444 tCO₂e, a 53% reduction against the 2018 baseline and the measures will be in effect when performing the contract.

Some of the carbon reduction projects were:

- Embedding ISO 14001 management system that was audited and certified in 2021.
- Optimisation of the running of our assets.
- Trialling of electric vans and increased use of company electric vehicles.
- Raising climate change awareness and the need for carbon reduction by leveraging the wider SSE's plc COP26 partnership and Climate Academy (in partnership with Supply Chain Sustainability School). Employees made carbon reduction pledges to lower emissions outside work.
- Promoting flexible and remote working which reduced business travel.

In the future, we hope to implement further measures such as:

- Transition operational sites from fossil sourced energy to lower carbon-emitting alternatives (e.g., biomass, battery, solar etc.).
- Improve our scope 3 carbon emissions understanding and data collection processes.
- Work with the company vehicle provider to phase out combustion vehicles options as part of the EV100 initiative.
- Support our suppliers to develop their net-zero plan, allowing them access to learning material through our sustainability supply chain school partnership.
- Invest up to £97m across battery storage, district heating and rapid electric vehicle charging hubs.

Declaration and Sign Off

This Carbon Reduction Plan has been completed in accordance with PPN 06/21 and associated guidance and reporting standard for Carbon Reduction Plans.

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard⁷ and uses the appropriate UK Government emission conversion factors for greenhouse gas company reporting⁸.

Scope 1 and Scope 2 emissions have been reported in accordance with SECR requirements, and the required subset of Scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard⁹.

This Carbon Reduction Plan has been reviewed and signed off by the board of directors (or equivalent management body).

Signed on behalf of the Supplier:


Nathan Sanders (Dec 14, 2021 07:51 GMT)

Date: 14/12/2021

⁷ <https://ghgprotocol.org/corporate-standard>

⁸ <https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>

⁹ <https://ghgprotocol.org/standards/scope-3-standard>