

SSE plc

Modern Slavery Statement 2017

SSE has zero tolerance of modern slavery in all its different forms both in its business and in its supply chain. In April 2016, SSE published its first Modern Slavery Statement to respond to the Modern Slavery Act 2015. This statement sets out the steps taken by SSE Plc since April 2016 to prevent modern slavery and human trafficking in its business and supply chains.

1. Introduction to modern slavery

The term modern slavery is broad and considers someone to be in modern slavery if they are in forced labour, servitude, slavery, human trafficking, debt bondage, forced or servile marriage, descent based slavery and child exploitation. It is a global and growing issue. No sector or industry is exempt from the potential for modern slavery.

SSE has zero tolerance of modern slavery in all its forms and has a responsibility to understand the risks in its business and supply chain and manage those risks accordingly.

This is SSE's second modern slavery statement following the introduction of the Modern Slavery Act 2015 (the 'Act'). This statement is made pursuant to section 54(6) of the Act and constitutes SSE's slavery and human trafficking statement for the financial year ending on 31 March 2017. SSE aims to be transparent about its approach to modern slavery and this statement outlines its approach to tackling modern slavery where it can.

2. SSE's businesses and supply chain

SSE owns and operates a diverse range of energy businesses and is involved in the generation, transmission, distribution and supply of electricity, the production, storage, distribution and supply of gas and other energy services. SSE has generally ranked between 30th and 35th in the FTSE 100 by market capitalisation but many FTSE 100 companies derive revenue from a range of countries beyond the UK and Ireland. SSE, in contrast, operates and invests only in the UK and Ireland, and with plans to invest around £1.7bn in energy infrastructure in the course of 2017/18. Full details of SSE's structure and the businesses it operates can be found at www.sse.com/whatwedo/.

Summary of key employee and supply chain data

Number of employees in the UK and Ireland	Circa. 22,000
Number of active suppliers	Circa. 8,000
Average annual procurement spend	Circa. £3bn

3. Modern slavery policy framework

Over the past year SSE has increased its focus on modern slavery within its wider business operations. It has formed a Human Rights Steering Group consisting of procurement and sustainability professionals; undertaken desk based assessment of risk within its tier one supplier spend, incorporated measures into its supplier selection processes, introduced anti-slavery clauses in its standard forms for new contracts and begun to roll out training.

This specific work relating to modern slavery is complemented by wider efforts across the organisation to reinforce ethical business practices. In September 2016, SSE published its new code of business conduct: '[Doing the right thing - A guide to ethical business conduct for SSE employees](#)'. SSE became a subscriber to the Institute of Business Ethics early in 2016, with the new Code reflecting

the Institute's advice and guidance. The guide provides the basis from which SSE employees are guided in terms of ethical business behaviour. The main principles of the guide are speaking up, doing no harm, trading fairly, respecting each other and being open and accountable.

SSE also operates a [Human Rights Policy](#) that describes the company's approach to being responsible to its employees and people employed in its supply chain. SSE's Whistleblowing Policy encourages its employees to speak up and report any wrongdoing. These policies set out SSE's approach to paying fair wages, through its Living Wage accreditation; being inclusive and diverse, employee well being; and, employee consultation and engagement. SSE's [Responsible Procurement Charter](#) describes the approach it takes to managing modern slavery in its supply chain and sets out its expectations of its supply chain partners.

4. Due diligence

In 2016/17, suppliers who have signed on to SSE's Supplier Registration System (SRS) have been made aware of SSE's standards in relation to modern slavery. For suppliers who progress to the Utilities Vendor Data Base (UVDB), a portal for suppliers in the utilities industry, a question set has been implemented that enables SSE (and other utilities) to assess the procedures a supplier has in relation to prevention of slavery and human trafficking in its own organisation and supply chain.

Furthermore, a risk assessment of SSE's Tier one supplier expenditure (including Joint Venture expenditure where SSE leads the procurement) was undertaken in 2016/17. This involved a review of the industries and products / services that SSE buys from, and allocating risk based on tools published by the Walk Free Foundation. This exercise has led SSE to understand that approximately £20m (<1%) of its supply chain expenditure is in a combination of high risk industries and high risk product / service groups. Given the limited geographic focus of SSE's operations (in the UK and Ireland) this proportion is small, nevertheless, there are potential risks and SSE is keen to ensure neither modern slavery nor human trafficking exists anywhere in its supply chain.

5. Managing risk in SSE's supply chain

SSE Group Procurement continues to transform its organisational design by embedding category management at the heart of the way SSE procures goods and services. Category Management aims to bring about long term sustainable business benefits for SSE and the wider economy by minimising supply chain risks, driving innovation and delivering cost and value benefits. This modernisation programme will support the more effective management of risk, including modern slavery risk.

SSE's 2015/16 statement made a commitment to train and develop Procurement staff in modern slavery. A programme of modern slavery training was delivered in 2016/17 to selected Procurement staff to raise awareness, provide insight into risky industries and products / services and roll out tools and techniques to enable category managers to review modern slavery risk.

For the other areas of the business that may be at risk of modern slavery, SSE has been working with its Joint Venture partners to develop and implement modern slavery policy, review risk and publish Modern Slavery statements.

6. Assessment of the effectiveness of preventing modern slavery in SSE's supply chain

SSE understands that it has a responsibility to continue to assess and mitigate the risk of modern slavery in the long term. SSE has made reasonable progress in 2016/17 to understand the nature of that risk, establish policies and begin to implement controls to manage any risk that arises. It is expected that the nature of the risk may change over time and ongoing vigilance will be required.

In order to understand how effective its efforts are to ensure modern slavery does not exist within any of its business activities, in 2017/18 SSE aims to:

- Develop and report on key performance indicators including employee training levels and audit activities;
- Investigate modern slavery risks as identified and put in place corrective actions in response to these risks in its business or supply chain as appropriate;
- Extend the modern slavery training to all Procurement professionals; and,
- Monitor government and other large companies' perspectives on and approaches to modern slavery and actively consider their applicability to SSE.

7. Governance

This statement was approved by the SSE Board of Directors on 16 May 2017.



Signed by
Gregor Alexander
Finance Director, SSE Plc