SSEN Distribution

ANNUAL ENVIRONMENTAL REPORT

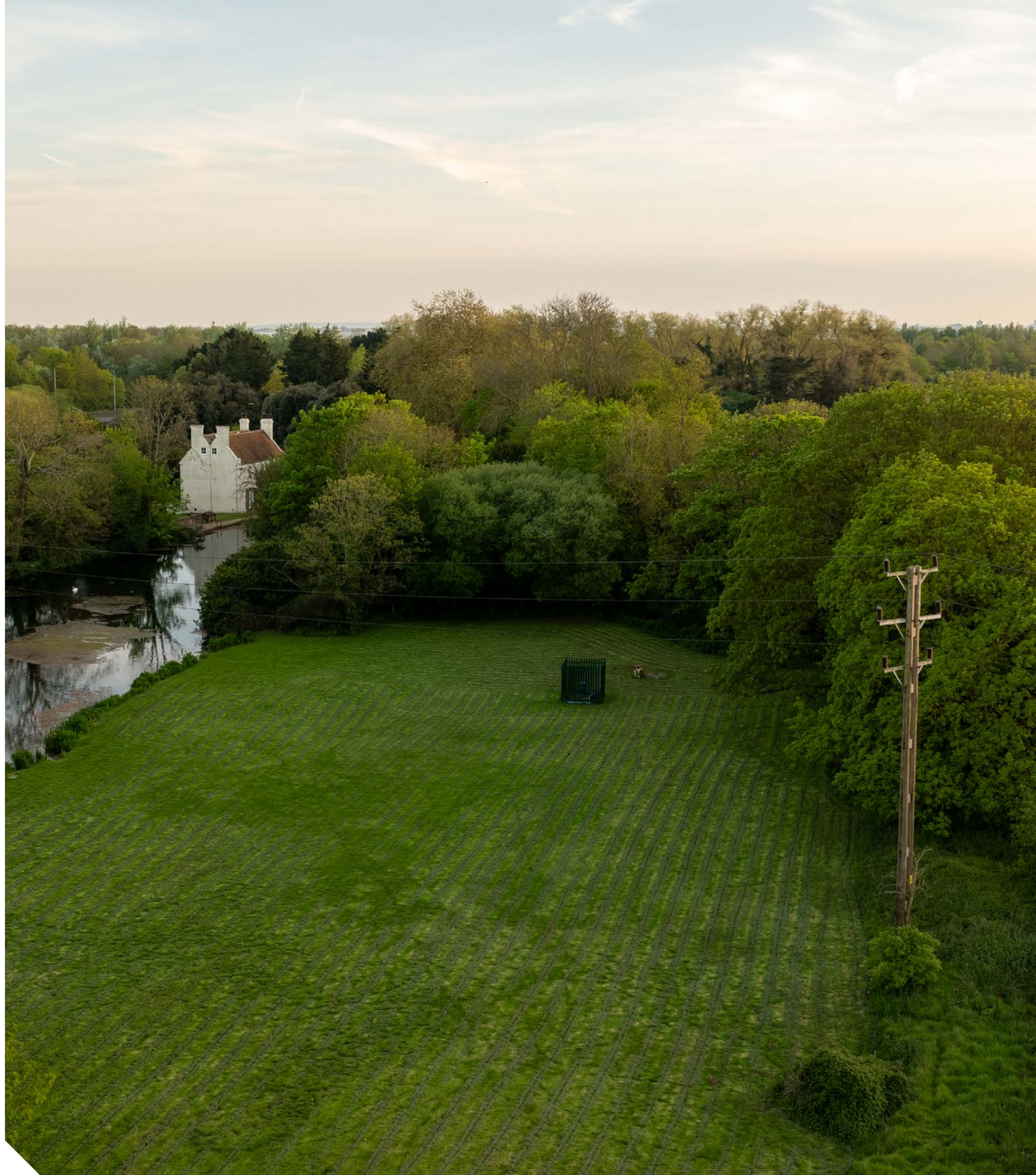
2025/26



Scottish & Southern Electricity Networks

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1. INTRODUCTION



SHIRLEY ROBERTSON
HEAD OF STRATEGIC PLANNING AND SUSTAINABILITY

1.1 Executive summary

We continue to make strong progress against our RIIO-ED2 Environmental Action Plan commitments, with significant achievements delivered during 2025/26.

We remain on track to meet our Science-Based Targets (SBTs), including a 35% reduction in our carbon footprint by 2028. This year, we achieved a 31% reduction in emissions against our 2019/20 baseline, exceeding our 2025/26 target of 25%. This reflects the continued decarbonisation of the UK electricity grid alongside our transition to Hydrotreated Vegetable Oil (HVO) across our Mobile Generation fleet. Emissions from mobile diesel generation reduced by 98% during 2025/26, while Embedded Generation emissions remain 15.1% below the 2019/20 baseline despite an increase this year.

We also continued to improve network efficiency, with cumulative loss savings reaching 49,690 MWh across RIIO-ED2. SF_6 emissions were 18% below 2019/20 levels in 2025/26, compared with our 19% target for the year, and remain on track towards our overall RIIO-ED2 target of a 35% reduction.

Our Nature-based Solutions programme also progressed substantially. Woodland creation across our SHEPD and SEPD licence areas has now delivered 32% of our RIIO-ED2 target of 258 hectares, including projects in Somerset, Argyll and Bute, Aberdeenshire and the Cotswolds. Peatland restoration has reached 62% of our 522-hectare RIIO-ED2 target, supported by projects in Scotland and Oxfordshire.

For seagrass, we delivered 96% of our 2025/26 planting target through our partnership with the Scottish Marine Environmental Enhancement Fund, with the remaining delivery expected in 2026/27. We are also working with Project Seagrass to extend planting across SEPD, with activity planned across four sites in the Solent and around the Isle of Wight.

We continued to reduce environmental risk from our network infrastructure. A total of 10.66km of fluid-filled cable has now been replaced, more than halfway towards our RIIO-ED2 target of just under 21km. Undergrounding in designated landscapes has delivered 0.25km in SHEPD and 0.83km in SEPD, with further projects in the pipeline.

Our PCB removal programme delivered significantly against regulatory deadlines resulting in the removal of 8,476 assets, considered likely to be contaminated, from regulatory registers.

Progress is also being made through our supply chain, with 67% of total procurement spend now aligned with suppliers adopting our Sustainable Supplier Code, towards our 80% target by 2028. Alongside this, our ongoing bunding and flood-mitigation activities continue to reduce environmental risk and support regulatory compliance.

Our Zero Waste to Landfill commitment is starting to demonstrate how circular economy principles are increasingly being applied to our existing asset base, reducing reliance on virgin resources while retaining materials in productive use for longer.

Overall, 2025/26 has seen tangible progress across decarbonisation, network efficiency, nature recovery and environmental risk reduction. We remain on track to deliver the majority of our RIIO-ED2 commitments, with clear delivery plans in place for areas requiring further progress, while continuing to embed sustainability into how we plan, build, operate and maintain the network.

This supports a more reliable and resilient network while helping to manage future costs associated with climate impacts, resource constraints and regulatory change, creating lasting value for current and future customers.

For more information, visit ssen.co.uk/sustainability.

"Our EAP continues to play a key role in helping us keep on delivering a clean, safe and secure supply of electricity for our customers. It's helped us exceed our annual carbon reduction target, guided the transition to alternative fuels, and supported our ongoing initiatives to improve pollution prevention right across the company, particularly with the programme to reduce PCB-contaminated assets on our network. The past year has also been a significant one for Nature-based Solutions, with woodland creation, peatland restoration and seagrass recovery projects moving into delivery across both our licence areas. Looking ahead to ED3, we're continuing to build on these strong foundations, guiding and supporting us as we plan, build, operate and grow the network of the future. I'm proud of how far we've come, but more importantly I'm also incredibly excited about the route map we've got for the remainder of RIIO-ED2 and our plans for ED3."

- SHIRLEY ROBERTSON

1.2 OUR EAP COMMITMENTS

Our commitments table below details our business plan outputs and further environmental action plan commitments. The additional commitments are marked with a leaf.

Commitments	Target	Consumer benefit	Status	Commentary
S1. Environmental Action Plan	Produce and report annually on an Environmental Action Plan (EAP).	• Decarbonisation and improved environmental performance of our network and the wider community. • Improved air quality, reduced carbon emissions and net zero.		Met target to produce and report annually on our EAP.
S2. Set Science-Based Targets, accredited with the SBTi	Set an ambitious 1.5°C SBT (including losses) requiring at least a 35% reduction in our carbon footprint by 2028.	• Reduced carbon emissions. • Targeting embodied carbon through supply chain.		Continued to meet our Science-Based Targets, aiming for a 35% reduction in carbon footprint by 2028.
S2.1. Reduce travel-related emissions	Electrify 80% of our core vehicle fleet by 2028, reduce our average road mileage by 15% (from pre-covid levels) and limit air travel where possible.	• £1.9m societal benefits delivered by reduction in carbon emissions.		RIIO-ED2 target is to have 80% of our vehicle fleet transitioned from Internal Combustion Engines to EV. We're continuing to transition the car fleet and working collaboratively with others to identify suitable solutions for our larger vehicles. Average road business mileage in 2025/26 increased by 13% compared to 2024/25 although remain ahead of our RIIO-ED2 business plan commitment target of a 15% reduction from our 2019/20 base year with a 17% reduction.
S3. Reduce emissions from mobile diesel generation during interruptions	Reduce emissions by replacing mobile generators wherever possible with lower carbon alternatives or by using alternative lower carbon fuel types by 2028.	• £1.4m financial benefits delivered by reduced fuel costs. • £1.5m societal benefits delivered by a reduction in carbon emissions and improved air quality.		We've met this target by delivering a reduction of 98% in Scope 1 emissions in Year 3 from the baseline. We've deployed HVO as the main fuel for our Mobile Generation fleet.
S4. Reduce reliance on back-up embedded diesel generation on our islands	Reduce reliance on diesel back-up generation, exploring local solutions and flexibility opportunities from the start of ED2.	• £0.4m financial benefits from reduced fuel costs. • £0.2m societal benefits from reduced carbon emissions.		Fuel consumption for Embedded Generation has reduced by 15.1% since our baseline year of FY 19/20.
S5. Manage losses on our network	Implement a strategy to efficiently manage losses on our network in the long term: Re-classify losses as a Scope 2 emission and act to reduce actual losses.	• Reduced transformer losses by up to 30% through our TASS project. • Substation Energy Efficiency improvements. • Manage significant losses incrementally across our network by applying loss reduction tech first. • £36m societal benefits delivered by energy savings and lower carbon emissions as a result of reduced losses.		We've achieved a total net losses saving of 49,690 MWh over RIIO-ED2 through implementation of our losses strategy initiatives to reduce actual losses. The Deployment of Transformer Auto Start (TASS) technology is not being pursued due to technical and commercial challenges. Funds will be re-distributed to more valuable losses projects if identified.
S6. Reduce SF_6 emissions from our assets	Reduce emissions from our assets by a minimum of 35%, report on and begin reducing our holdings.	• Reduction in the amount of harmful gas emitted by our assets, in line with our 1.5°C SBT. • £2.5m societal benefits delivered by reduction in carbon emissions.		2025/26 SF_6 emissions for SSEN Distribution totalled 163.31kg, representing an 18% reduction in leakage rate as a percentage of bank compared to 2019/20. As we increase our network it means that we're adding more assets, which will include SF_6, until appropriate alternatives are found. However, we're actively working with the supply chain to assess alternative gas technologies at 11kV and 33kV, and have signed non-disclosure agreements to facilitate technical collaboration on HV switchgear development.
S7. Nature-based Solutions for carbon removal	Plant 258 hectares of native woodland and restore 522 hectares of peatland in our license areas, which are expected to remove up to 65,000 tCO_2e by 2045.	• Biodiversity baselining. • A transformational and longer-term approach for net zero, that provides a legitimate and transparent record of carbon abatement. • Improved air quality and local habitats.		During the 2025/26, four woodland creation projects and three peatland restoration projects across SHEPD and SEPD reached full or partial completion. By the end of 2025/26, 32% of our overall RIIO-ED2 woodland creation target and 62% of the peatland restoration target had been achieved.

Commitments	Target	Consumer benefit	Status	Commentary
S8. Reduce leakage from fluid-filled cables	Replace at least 20.9km of fluid-filled cable.	• £15m societal benefit delivered by reducing oil leakage.		Throughout 2025/26, we replaced 10.66km of fluid-filled cables. A total of 23,858 litres of oil was used to top up fluid-filled cables on the SSEN Distribution network, this is a decrease compared to 27,991 litres recorded in 2024/25. Within our Environmental Management Systems, fluid-filled cable leaks continue to be recognised as a significant environmental aspect and impact. Appropriate operational control measures remain in place to ensure this risk is effectively managed and, where possible, reduced.
S9. Undergrounding in Areas of Outstanding Natural Beauty and National Parks	Complete undergrounding of up to 83km of lines.	• Improved visual amenity of lines in National Parks and Areas of Outstanding Natural Beauty.		During 2025/26 in SHEPD, 0.25km of cable was undergrounded at Dess, Aboyne against a target of 2.2km for the 2025/26 reporting period. In SEPD, 0.83km of cable was undergrounded against a target of 16km. We have noted this as green as all projects are stakeholder-led. We have a delivery plan in place for the remainder of RIIO-ED2.
S10. Complete flood-related activities in compliance with obligations	Complete works at c.73 sites across our network in line with ETR138.	• Reduced impact of flooding on our network leading to improved resilience to climate change.		We've completed our RIIO-ED2 target of 73 flood risk assessments across both licence areas. Flood defence work has taken place at nine sites, with an overall RIIO-ED2 target of 24. Additional sites have been programmed in for delivery.
S11. Sustainable Supplier Code	Sign up 80% of our supply chain (by value) by 2028 to our Sustainable Supplier Code.	• Contribution to lower emissions across multiple companies in our supply chain.		Sustainable Supplier Code adoption remains on track, with 67% of our suppliers against our total procurement spend committed, supporting progress towards the 80% target by 2028.
S11.1 Environmental reporting	Create Environmental reporting to include Embodied Carbon and Biodiversity.	• Reduce lifecycle emissions and embed circular economy principles to reduce waste. • Create Biodiversity Baseline. • Take efficient actions to reduce noise pollution and report on these actions.		We've developed an embodied carbon calculator that is applied to projects with a value over £10m. Our Natural Asset Platform (NAP) is built and undergoing user acceptance testing. The NAP establishes our network biodiversity baseline and tracks habitat-based natural capital and biodiversity changes due to our construction projects and land management changes.
S12.Protecting marine biodiversity: life below water	Explore opportunities to improve our marine environment.	• Restoring ancient seagrass beds that have been destroyed by seabed activity provides carbon sequestration rates three times higher than on-land planting. • Improved natural habitats and protection against coastal erosion. • £3.3m net benefit to the environment.		By 31 March 2026, 0.48 ha of our 0.5 ha planting target had been achieved, representing 96% of the 2025/26 target and resulting in an amber status. This shortfall is expected to be addressed in the next performance year. No seagrass planting was undertaken in SEPD during this performance year, as activity is scheduled to begin in 2026/27 in line with our partnership with Project Seagrass.
S13 Resource use and waste	Commit to Zero Waste to Landfill (excluding compliance waste) by 2028.	• Reduced waste from operations. • Resource Use Standards in place by 2023.		In 2025/26 we produced a total of 6,566 tonnes of waste, of which 81% was recycled and 99% was diverted from landfill.
S14. Polychlorinated Biphenyl (PCB) compounds	Removal of all PCB-contaminated assets from our network by 31 December 2025.	• Compliance with new legislative requirement to remove PCB across all DNOs. • Transparency on the volume of PCB contaminated equipment on the network (through our Annual Environmental Report).		During 2025/26 we completed 4,106 interventions, including oil testing, asset replacements, and oil changes. Over 31k assets (99.5%) have been removed from registers since 2023/24. The GB statistical model remains active to manage the residual low risk of PCB contamination in pole-mounted transformers manufactured before 1987, as agreed by environmental regulators. We delivered the programme required to address assets identified as PCB-contaminated by the 31 December 2025 deadline. A small residual population continues to require intervention, principally reflecting subsequent reclassification through the regulator-approved GB statistical model, or land access issues and this is being managed in consultation with environmental regulators.
S15. Bunding	We'll construct bunding to bring assets in line with current Oil Storage Regulations with particular focus on assets that are in environmentally sensitive areas.	• Reduce the risk of pollution from un-bunded equipment in environmentally sensitive areas.		We did not meet our target for 2025/26. Delivery plans are now in place to deliver 71 sites over the remainder of RIIO-ED2. There are several sites where our traditional concrete bund is not suitable, so an alternative mitigation is being identified.

Table 1.1: EAP Commitments.

2. WHO WE ARE

Scottish and Southern Electricity Networks (SSEN) Distribution is the name of the two Distribution and one Transmission businesses that form part of the FTSE-100 energy company, SSE Plc.

This report focuses on the two Distribution businesses, Scottish Hydro Electric Power Distribution plc (SHEPD), and Southern Electric Power Distribution plc (SEPD). At SSEN Distribution, we deliver electricity to almost four million homes and business across central southern England and the north of Scotland, as shown in Figure 2.1. Our network runs through both some of the UK's most remote and urban areas, covering a total of 75,000km^2. It has a vital role in connecting communities and supporting the transition to a cleaner, greener future.

Our role as a Distribution Network Operator (DNO) has never been more important. Society is evolving, customer expectations are changing, and so are we. Every day, the communities we serve depend on us to deliver a safe, resilient and responsive network that reliably powers homes and businesses.

We're trusted to deliver the infrastructure that will enable greener choices, support new technologies, and support our communities.

Our business purpose – **We power communities to thrive today and create an electrified tomorrow** – reflects our commitment to providing a valued and trusted service for customers and communities, while accelerating progress towards an electrified tomorrow and making a positive, lasting impact on society.

Our vision – **We're powering change with every connection** – gives us a clear long-term direction. It inspires us to think beyond simply keeping the lights on and to make every connection count. That means open connections with customers and stakeholders, strong collaboration across our organisation, and enabling innovation for a greener future.

Living our vision means understanding the needs and expectations of those we serve. By building strong relationships, and working together, we deliver a safe, resilient network, trusted services, and real progress on electrification, making a positive impact on society and our communities.

SSEN DISTRIBUTION

NETWORK AT A GLANCE

SHEPD / SSEH
Scottish Hydro Electric Power Distribution

Nearly **4million** homes and businesses

Over **128,000km** of overhead lines and underground cables

Over **460km** of subsea cables powering our island communities

Over **4,938** employees across the country

SEPD / SSES
Southern Electric Power Distribution

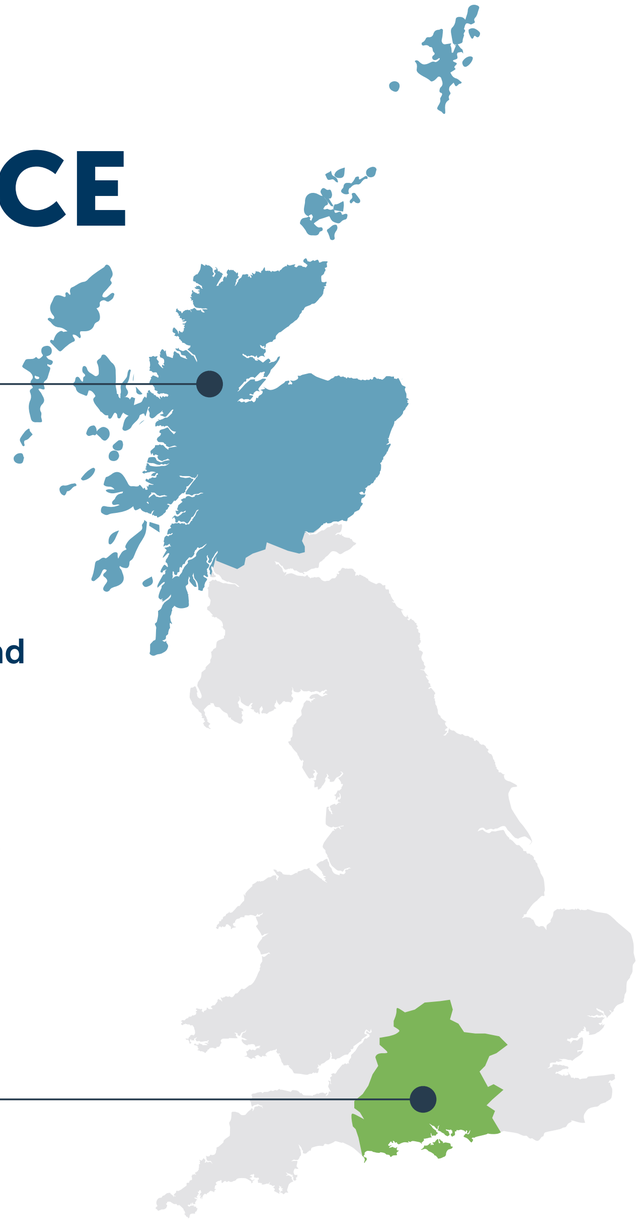
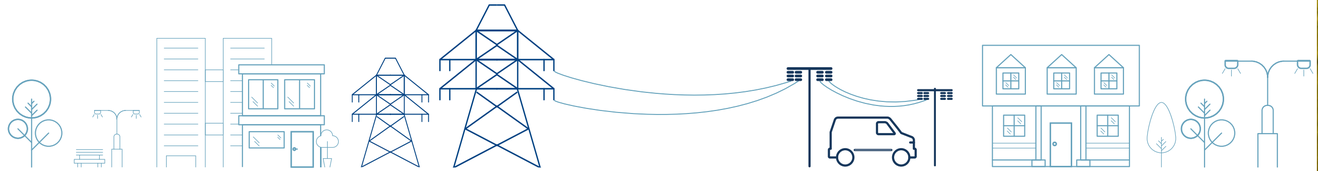
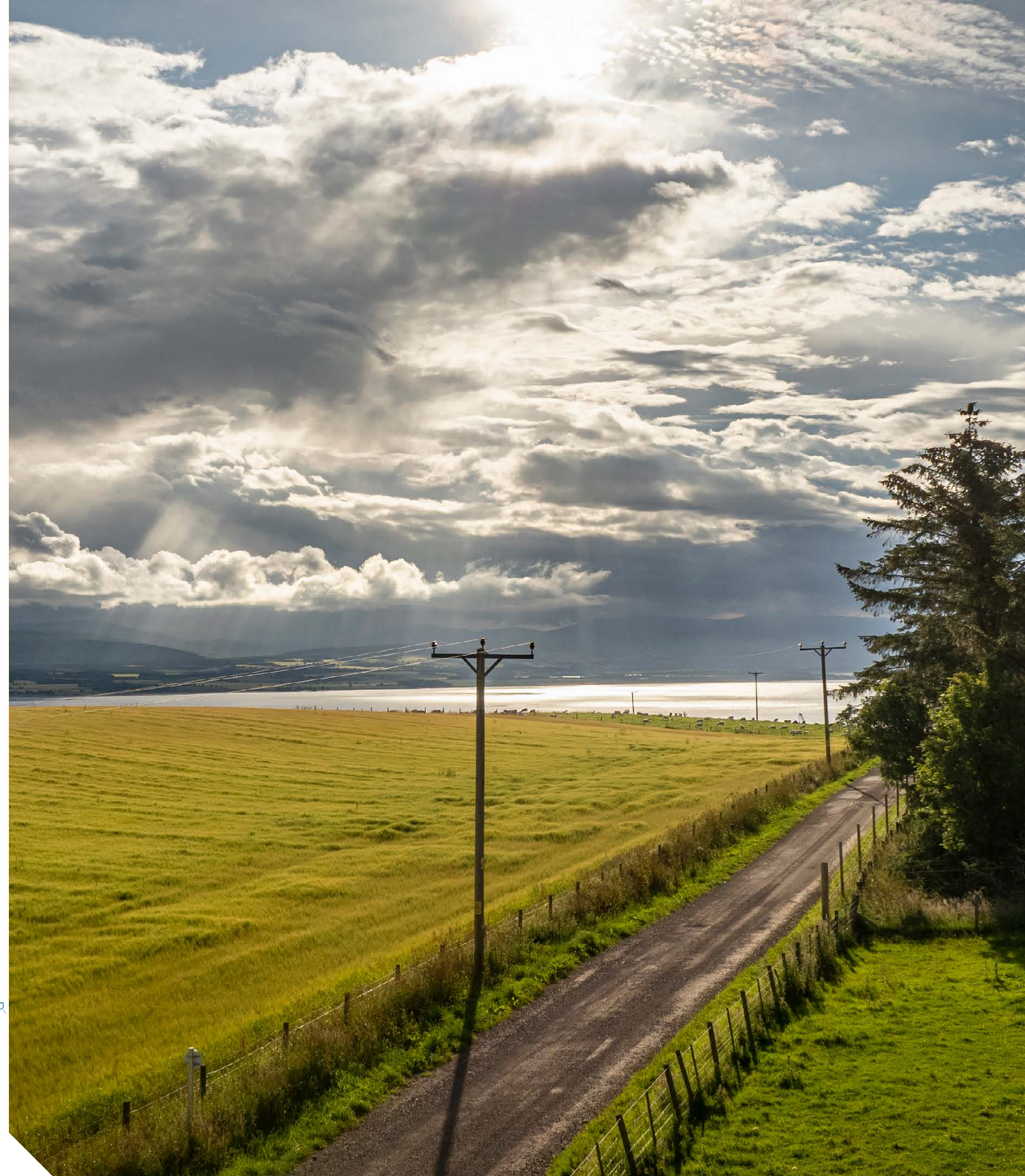


Figure 2.1: Summary of SSEN Distribution.

3. PURPOSE OF THIS REPORT

Ofgem agrees ‘regulatory contracts’ for DNOs in five-year periods – these are known as price controls. Our Annual Environmental Report (AER) provides stakeholders with a transparent and public account of our commitment to addressing environmental matters in RIIO-ED2, the current price control, running from 2023-2028. It’s intended to provide a holistic overview and clear rationale for our actions and details of actual benefits to customers. It also provides an important update on our continuing progress to meet our environmental targets and demonstrates how stakeholders shape this going forward.





3.1 Managing our Environmental Impact

3.1.1 Summary ISO 14001

SSEN Distribution operates an ISO 14001 certified Environmental Management System. ISO 14001 is part of a suite of international standards developed by the International Organisation for Standardisation and assists organisations to enhance and improve environmental performance, provides a framework to ensure regulatory compliance and set, monitor and achieve environmental objectives.

Our Environmental Management System assists us with managing our environmental and sustainability responsibilities in a systematic manner and progressing our RIIO-ED2 environmental and sustainability business plan objectives.





Figure 3.1: ISO14001 Environmental Management System.

4. BUSINESS CARBON FOOTPRINT

4.1 Summary

This section details the total Greenhouse Gas (GHG) emissions produced in both SHEPD and SEPD licence areas during 2025/26. Our business carbon footprint (BCF) is published as part of our regulatory reporting obligations and reported annually to Ofgem as part of our distribution licence requirements.

Our targets are aligned to the Science-Based Targets initiative (SBTi). Targets are defined as 'science-based' if they are in line with what the latest climate science believes necessary to meet the goals of the Paris Agreement[1], limiting global warming to 1.5°C above pre-industrial levels.

4.2 Methodology

We collate the data from across our business using the methodology described within international GHG emissions accounting standards, the GHG Protocol[2] and ISO14064-1[3]. We convert our data to equivalent tonnes of carbon dioxide (tCO_2e) using conversion factors provided by the Department for Energy Security and Net Zero (DESNZ)[4].

Emissions are reported as equivalent tonnes of carbon dioxide because different gases have different global warming potentials. Our footprint accounts for carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulphur hexafluoride (SF_6).

A carbon footprint is composed of three different Scopes defined by the GHG Protocol, and SSEN Distribution currently collects data and calculates the following:

Scope 1:

Direct GHG emissions from sources owned or controlled by SSEN Distribution:

- Building energy use – natural gas.
- Operational transport (road and air).
- Fugitive emissions (SF_6).
- Fuel Combustion.

Scope 2:

Indirect GHG emissions from the generation of purchased electricity by SSEN Distribution, for example*:

- Building energy use – electricity.
- Operational Transport – electric vehicles.
- Substation energy use – electricity.
- Network Losses - as detailed by Ofgem.

** Purchased electricity is defined as electricity that is purchased or otherwise brought into the organisational boundary of the company.*

Scope 3:

Upstream and downstream indirect GHG emissions that are a consequence of SSEN Distribution's activities but occur from sources not owned or controlled by it:

- Category 1 - Purchased goods and services.
- Category 2 - Capital goods.
- Category 3 - Fuel and energy-related activites.
- Category 4 - Upstream transportation and distribution.
- Category 6 - Business travel.

[1] The Paris Agreement - https://unfccc.int/process-and-meetings/the-paris-agreement

[2] Standards and Guidance - https://ghgprotocol.org/standards-guidance

[3] ISO 14064 - https://www.iso.org/standard/66453.html

[4] Greenhouse gas reporting: conversion factors 2025 - https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2025

4.3 Business carbon footprint calculation and results

4.3.1 Scopes 1 and 2 emissions

During 2025/26, we saw a decrease in emissions from the last reporting year of 12.2%, mainly due to a 14.1% decrease in electricity losses carbon emissions, detailed below. This, together with all the work we've done outside losses, has meant that we've managed to meet our 2025/26 RIIO-ED2 reduction target of 25% for our Scopes 1 and 2 by achieving an overall 31.4% reduction of emissions since our 2019/20 baseline. The most impactful reduction we've seen was in our mobile generation fleet, which now operates using almost exclusively HVO as its fuel source. When excluding network losses, we've seen a reduction of 14% in SEPD but a 49% increase for SHEPD against the previous year due to a fuel consumption increase, and an overall reduction of 26.7% against our baseline. Table 4.1 presents an overview of our reported emissions for SSEN Distribution for 2025/26. Figures 4.1 and 4.2, show our Scope 1 and 2 GHG emissions by source for the 2025/26 reporting period, with and without losses.

Scopes	Baseline year (2019/20) (tCO_2e)	2025/26 Reported (tCO_2e)	2025/26 SBT Target (tCO_2e)	2025/26 Reported v. 2025/26 Target (%)	2027/28 SBT Target (tCO_2e)	2025/26 Reported v. 2027/28 Target (%)
Total Scope 1 and 2, excluding losses	49,110	36,193	36,832	-1.7%	31,921	13.4%
Total Scope 1 and 2, including losses	587,930	403,188	440,947	-8.6%	382,154	5.5%

Table 4.1: Annual BCF reporting (Scopes 1 and 2) against SBT annual target and end of RIIO-ED2 target (tCO_2e).

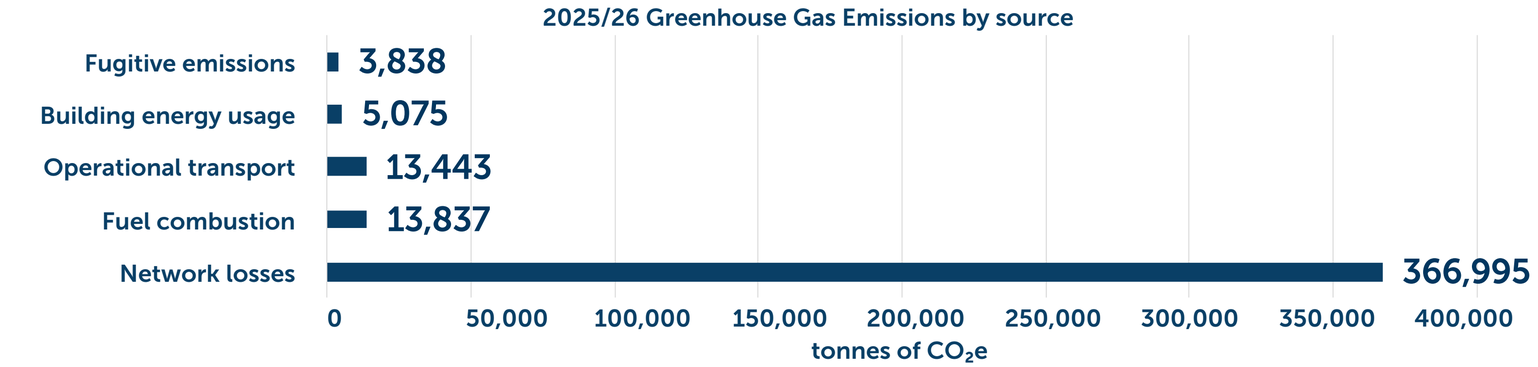


Figure 4.1. 2025/26 Greenhouse gas emissions by emissions source.

Compared to the previous year, we've seen a reduction in emissions from the use of electricity in our buildings, fugitive emissions, and network losses, especially with the reduction of the carbon emission factor associated with electricity. This is due to the UK's grid being less carbon-intensive compared to the previous period. Losses are a significant part of our BCF, and any changes in grid carbon intensity can significantly impact our results.

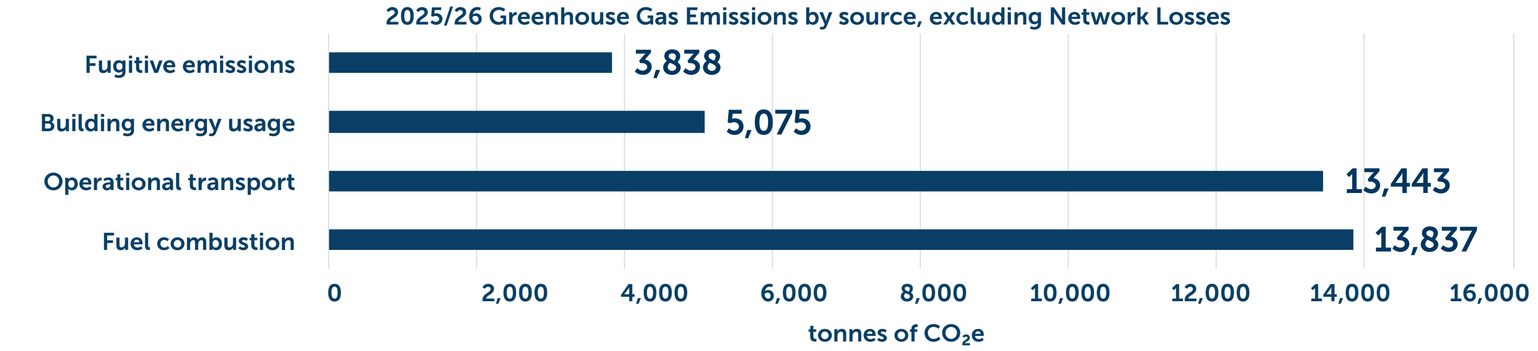


Figure 4.2. 2025/26 Greenhouse gas emissions by emissions source, excluding losses.

Our operational transport emissions grew with the increase in works and due to an improvement in data collection. Fuel combustion emissions increased during the reporting period due to the more frequent operation of our embedded generation stations, which was necessary to support an increased programme of planned works and maintain a secure and reliable supply of electricity to customers. Fuel consumption from the stations increased by 110%, running for 10,582 hours in 2025/26 against 5,309 hours in 2024/25.

Our total operational emissions for the RIIO-ED1 price control period, against our absolute reduction target, are shown in Figure 4.3. For RIIO-ED2, through our SBTs, we're committed to reducing our emissions by 35% from our 2019/20 baseline, by 2028.

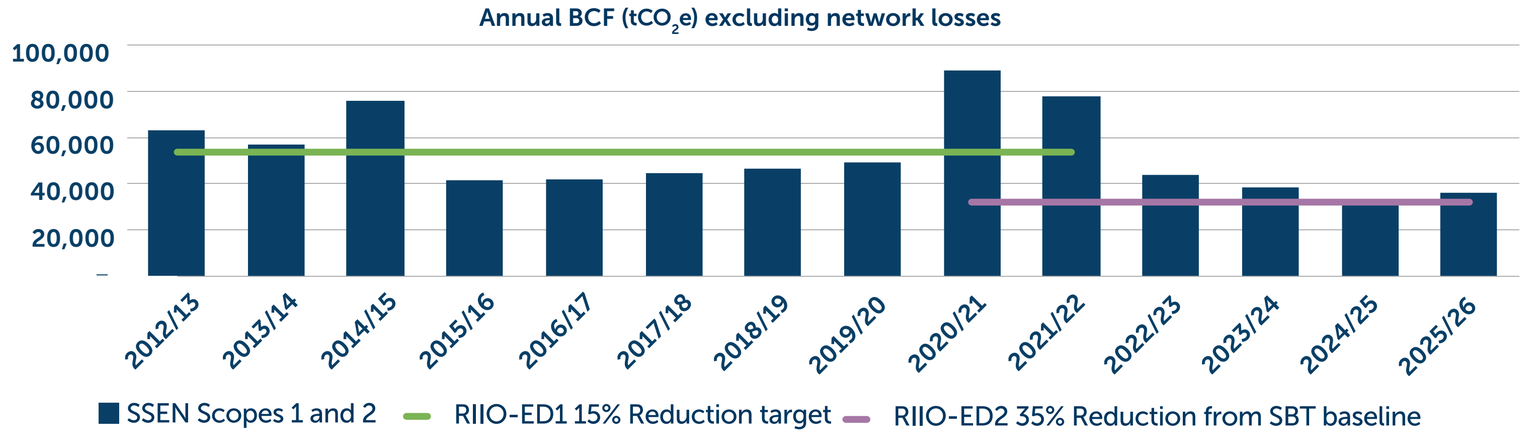


Figure 4.3: SSEN Distribution historical Scope 1 and 2 GHG Emissions (tCO_2e), excluding losses.

As shown in Figure 4.3, our BCF, excluding losses, has decreased by 42.7% from 2012/13, highlighting the positive action undertaken in our operations to reduce our environmental impact whilst ensuring security of supply to our four million customers throughout our SHEPD and SEPD licence areas. Our increase compared to the previous year relates directly to our commitment to keep our communities connected, especially in the Scottish islands.

Figure 4.4 shows the contribution that our network losses have made to our overall BCF in relation to our operational emissions and contractor emissions across both SHEPD and SEPD licence areas over the past 14 years. As shown, network losses make up the largest proportion of our total BCF.

In 2025/26, network losses across both licence areas made up 91% of our total GHG emissions, and we're continually striving to keep these as low as is practicably possible. However, it's also worth noting that the continued electrification of different systems of daily life will lead to an increase in electricity consumption and associated electricity losses.

Figure 4.4 also shows how our emission trajectory associated with losses has dropped significantly over the RIIO-ED1 period but has had an increase due to the UK grid carbon intensity during the first two years of RIIO-ED2. However, the emission factor reduced by 14.5% between 2024/25 and 2025/26. The emission factor is updated every year following the latest published figures by DESNZ[5]. Through our Losses Strategy, we adopt more pro-active measures to reduce network losses e.g. increasing minimum cable size and reducing energy theft.

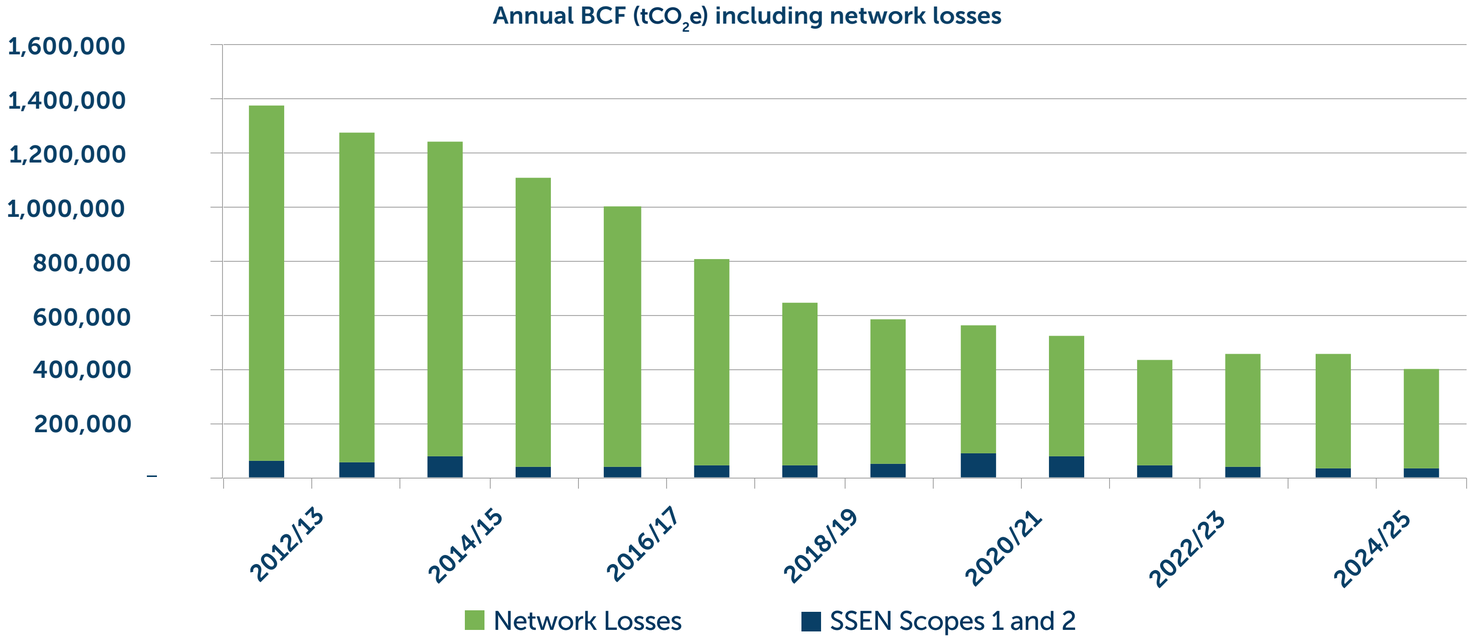


Figure 4.4: SSEN Distribution historical Scope 1 and 2 GHG emissions (tCO_2e), including losses.

[5] *Greenhouse gas reporting: conversion factors 2025 - https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2025*

Operational transport

Operational transport emissions come from vehicles owned or controlled by a business. For us, this refers to our large fleet of commercial vehicles (generally vans and lorries) that allows engineers to service our network, and which are either owned, leased or hired. Helicopter fuel consumption is also considered as operational transport under our reporting. Although leased or hired vehicles are technically a Scope 3 GHG emission under the GHG Protocol, our lease/hires are long-term and controlled by us, therefore, we classify them as a Scope 1 GHG emission (for vehicles that consume fuel) and Scope 2 (for vehicles that consume electricity).

SSEN has made a commitment to transition as much of its fleet that is operationally practicable to zero emissions by 2030, with a strategic commitment alongside over 100 global companies in joining the Climate Change Groups' EV100 programme. Currently we have 1,944 vehicles (including both cars and vans) that fall under the EV100 commitment with 742 (38.16%) of these having been swapped across to an EV.

Unfortunately, there is still limited choice of MDV (medium-duty vehicle) and HDV (heavy-duty vehicle) electric commercial vehicles being manufactured and available for fleet operators, especially utility companies. The SSE-wide fleet team has been trialling the use of HVO as a transitional fuel to reduce Scope 1 emissions until we have the EV alternatives available.

Figure 4.5 presents our operational transport emissions throughout the years. We've seen a 12.5% increase from the previous year due to increase volume in works and better data collection from our system. This is still the main component of our BCF when losses are not considered and therefore remains a key area of focus for us.

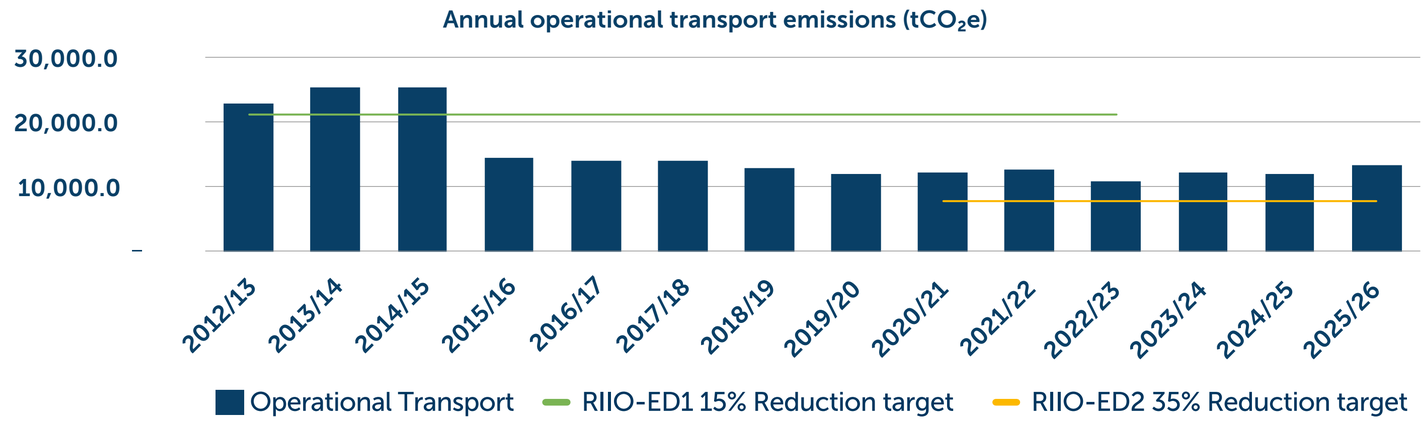
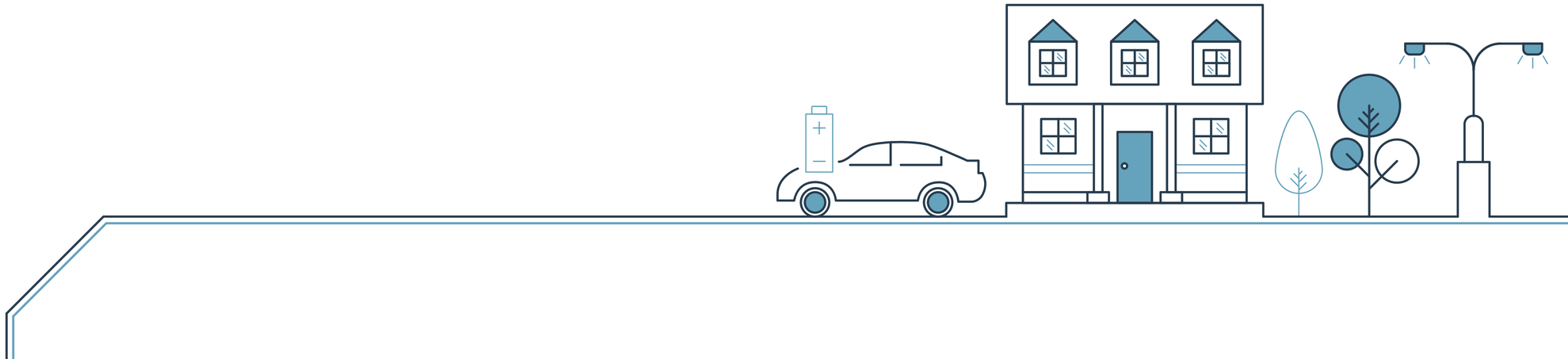


Figure 4.5: Annual operational transport emissions (tCO_2e).



Fuel combustion

This component of our Scope 1 footprint covers emissions from our mobile generation and our embedded generation stations.

Several of our Scottish islands are supplied by a single circuit, therefore in fault and maintenance conditions we rely on embedded generation to maintain security of supply. Storm activity and coverage for transmission outages are essential aspects for the need of using our embedded generation stations. However, our embedded generation team is focussed on improving forecasting and operational practices to ensure our reliance, and the emissions, are as low as practicable. During 2025/26, we've seen an increase of 110% of this type of emission.

There were multiple programmed outages this year to allow for different works and projects to be safely carried out on the SSEN Transmission network, such as:

- Support SSEN Transmission's outage for the refurbishment of their Harris/ Stornoway 132kV line.
- Allow SSEN Transmission teams to safely carry out repairs on their Skye line.

Our mobile generation provides electricity to customers during temporary fault repairs and planned works on the distribution network. We've continued to use HVO for our generators, achieving a 99.3% HVO consumption share by the end of 2025/26. This resulted in a 94.7% reduction in our Scope 1 emissions associated with mobile generation.

Figure 4.6 shows the levels of tCO_2e emitted from generation. Our current numbers are under the expected 35% reduction since our 2019/20 baseline, reaching a 46.4% reduction.

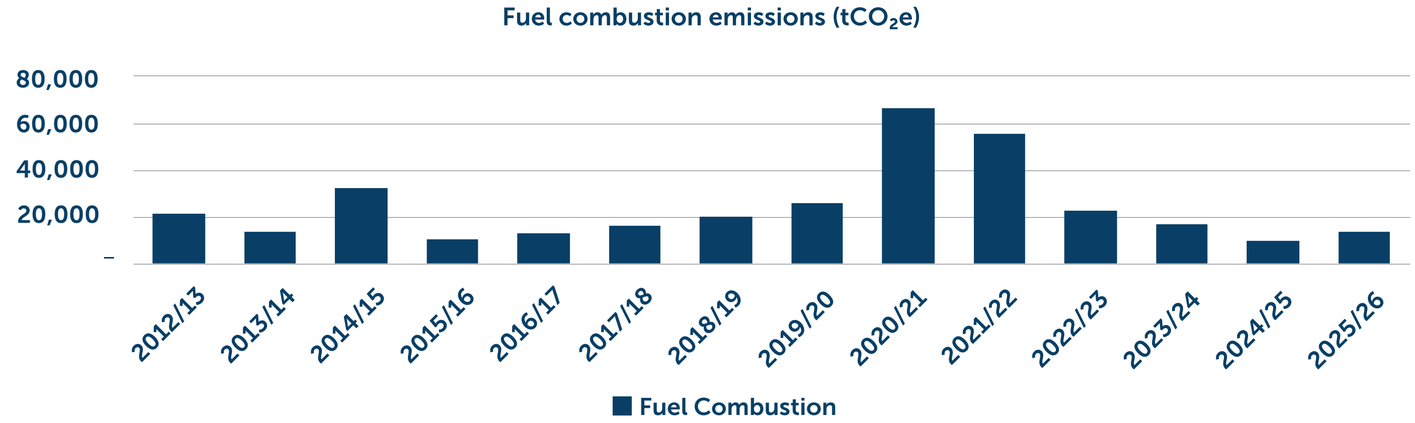
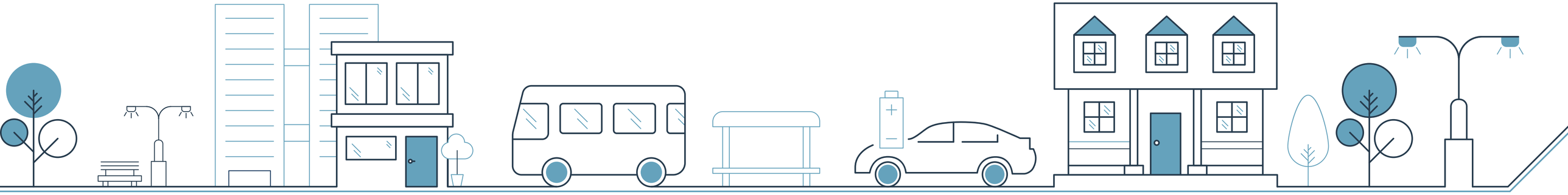


Figure 4.6: Annual fuel combustion emissions (tCO_2e).



Energy use in our buildings

We share building space with other SSE businesses, allowing us to reduce costs as well as energy consumption. Latest data confirms that 100% of electricity supplied to SSE's facility-managed offices and depot sites is sourced from renewable generation.

To report our portion of the SSE-wide total energy consumption emissions across SHEPD and SEPD, we adopted a model based on the number of employees per SSE business. The total building energy usage carbon emissions for SSEN Distribution is shown in Figure 4.7. The figure shows we're reducing our energy-related emissions from our 2019/20 baseline.

Figure 4.8 details the building energy consumption in kWh for our buildings and substations over RIIO-ED2. In 2025/26, electricity usage increased by around 8.1% whilst gas usage increased by around 88% compared to 2024/25. The increase in energy usage is a combination of maintaining an improved data capture methodology and an overall increase in occupancy of offices.

Substation electricity is 80% of the reported building energy emissions. Electrical demand in a substation comes from a combination of elements such as space heating, panel heaters, lighting of buildings, battery chargers, mains, transformer coolers and site security equipment (e.g., flood lighting and CCTV cameras). Between SHEPD and SEPD, the usage described above can vary due to the geographical location and differences in climates.

For the substation electricity calculation, we multiply the total number of substations at Extra High Voltage (EHV) by a factor which is created through the usage of the electrical equipment described above to give us an estimated energy usage. For High Voltage (HV) substations however, due to the classification of indoor/outdoor, we assume 3.5% of the total of all HV substations have this type of electrical equipment installed. We have over 45,000 substations in our network, and we use assumptions because they are currently not metered. As part of a building energy efficiency project, some substations have been selected to receive meters, and we will be adding energy efficiency measures to them to understand their impact. The measures are composed of spray roof insulation, double glazing, heating and lighting occupancy sensors.

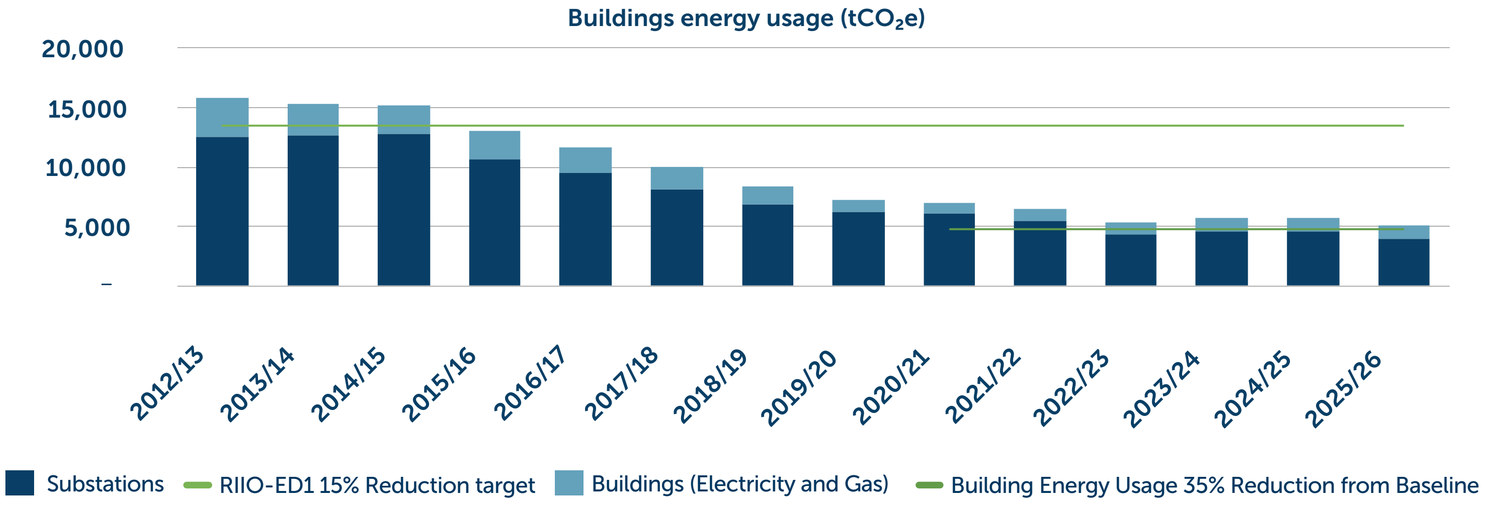


Figure 4.7: Annual building energy usage over time (tCO_2e).

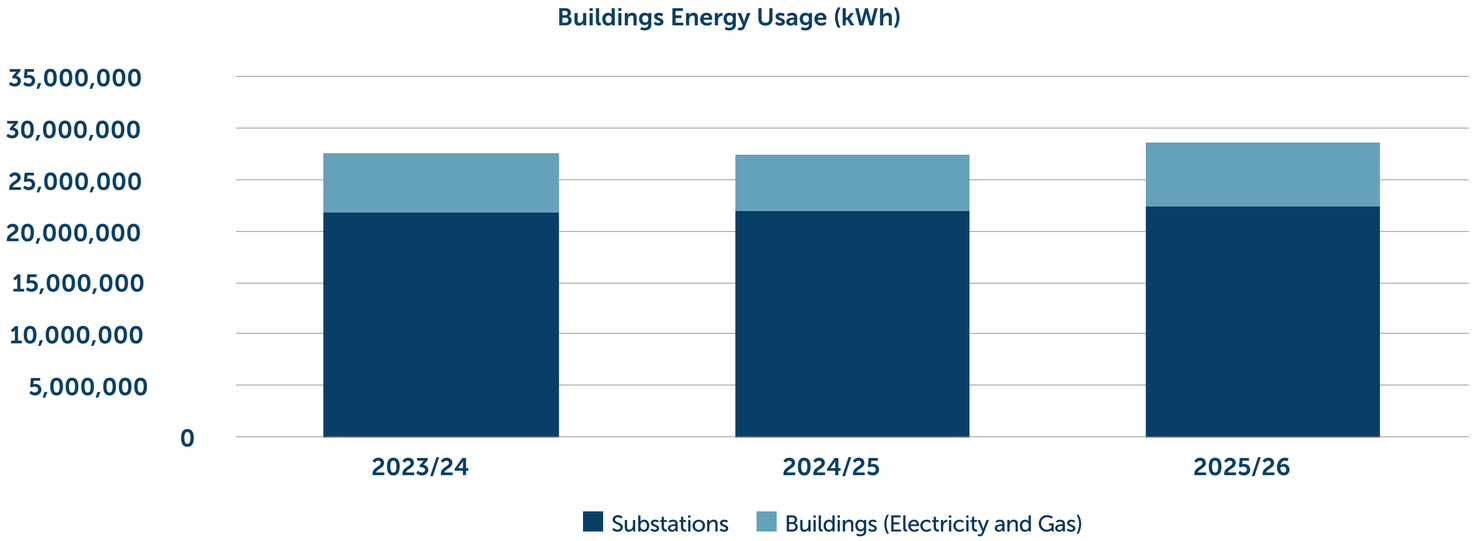


Figure 4.8: Annual building energy usage over time for RIIO-ED2 (kWh).

Fugitive emissions

Fugitive emissions occur when undesirable and unintentional losses of a gas happen.

SF_6 is an electrical insulating gas which is used in electrical switchgear.

In 2025/26, 163.31kg of SF_6 were emitted by our network, equivalent to 3,838 tCO_2e. This category saw a 14.2% decrease in our Scopes 1 and 2 carbon footprints compared to 2024/25.

Further details about our efforts to manage and reduce Scope 1 SF_6 fugitive emissions are provided in the SF_6 section of this report – Chapter 4.4.

Network losses

Network losses are a consequence of energy loss due to materials, temperatures and physical properties of the energy distribution process. The total volume of distribution electrical losses in 2025/26 was around 2,073 GWh with equivalent emissions of 366,995 tCO_2e, as shown in Table 4.2. The distribution losses volume is derived from an internal model, using both percentage of sales and purchases of electricity from the grid and the total electricity distributed.

Figure 4.9 shows the volume of distribution network losses from RIIO-ED1 to date. Network losses increased by 0.5% in 2025/26 compared to 2024/25 and by 2.7% since the start of RIIO-ED2. The minor variations reflect slight changes in generation and consumer demand over a particular year. Losses are forecast to continue to increase with the growth in electrification of heat and transport, however, GHGs associated with the volumes are expected to reduce due to decarbonisation of the grid.

Further details about our efforts to manage and reduce Scope 2 emission losses are provided in the Electricity Distribution Losses section of this report – Chapter 4.5.

Year 2025/26	Total distribution losses GWh	Equivalent tCO_2e
SHEPD	484.78	85,806.47
SEPD	1,588.64	281,188.54
Total Losses	**2,073.42**	**366,995**

Table 4.2: Total losses in the SSEN Distribution network.

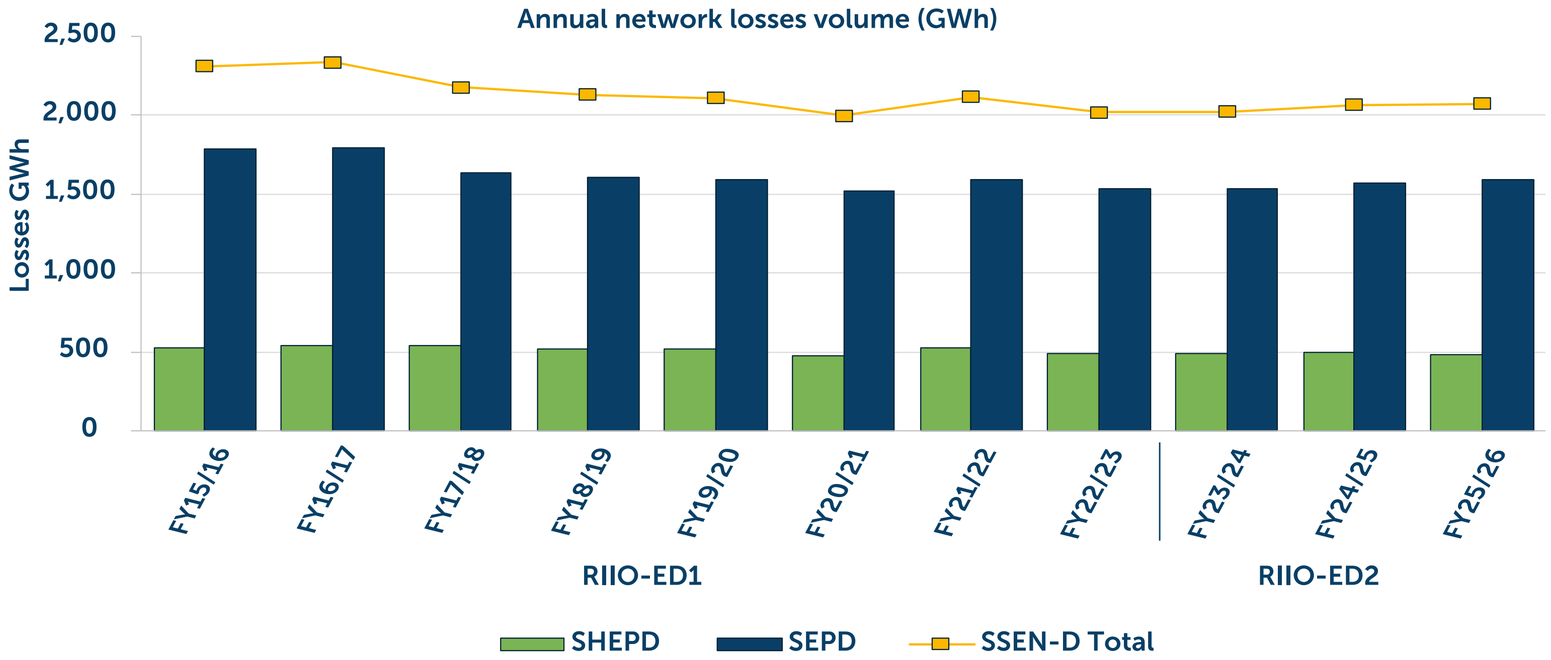


Figure 4.9: Annual network losses volume (GWh).

4.3.2 Scope 3 emissions

Our Scope 3 indirect GHG emissions are not part of our SBTs, but we do understand their impact and have set a voluntary target, committing to working closely with our supply chain so that 35% of our suppliers have SBTs set by the end of 2025/26.

Our RIIO-ED1 Scope 3 emissions reporting only included Business Travel and Contractor Transport, but for RIIO-ED2, this now also includes our supply chain emissions. This change enables us to include a clear methodology for reporting supplier emissions, establishing and reporting on a reduction strategy, and implementing actions to reduce Scope 3 emissions over time. We're also committed to working collaboratively across the industry to support these efforts. The following sections include an update on the categories that make up most of our Scope 3 emissions.

Purchased goods and services and capital goods

Purchased goods and services and capital goods include all upstream emissions from the production of products purchased or acquired by SSEN Distribution during the year. Data for these categories are the expenses from the company multiplied by conversion factors from DESNZ, which is called a spend-based method. Every item of goods or service purchased by a company will have an associated carbon cost. Emissions are classified according to Standard Industrial Codes (SIC)[6], as different sectors will cause different levels of impact.

Analysing this type of data provides us with a view of where our hotspots for carbon emissions are and establishes a pathway towards tackling emissions and engaging with suppliers from the main categories for future years. We'll report data for these categories from Scope 3 in the coming years, as we gain further understanding and knowledge of how best to present them.

Fuel and energy-related activities

This category includes indirect emissions from fuel and energy-related activities that aren't already captured in Scope 1 or Scope 2. They are emissions from the production, transportation, and delivery of fuels and energy purchased by a company, but not the emissions from the company's direct combustion of those fuels. Essentially, it covers the upstream emissions related to energy consumption. We'll report data for these categories from Scope 3 in the coming years, as we gain further understanding and knowledge of how best to present them.



[6] *UK and England's carbon footprint to 2023 - https://www.gov.uk/government/statistics/uks-carbon-footprint*

Upstream transportation and distribution

Figure 4.10 presents our contractors' transport emissions through RIIO-ED1 and into Year 3 of RIIO-ED2. These emissions have been calculated using spend data multiplied by DESNZ Input-Output factors. The volume of work required to meet our RIIO-ED2 target has a direct impact on these emissions. Increased costs also can translate into higher emissions due to the chosen methodology.

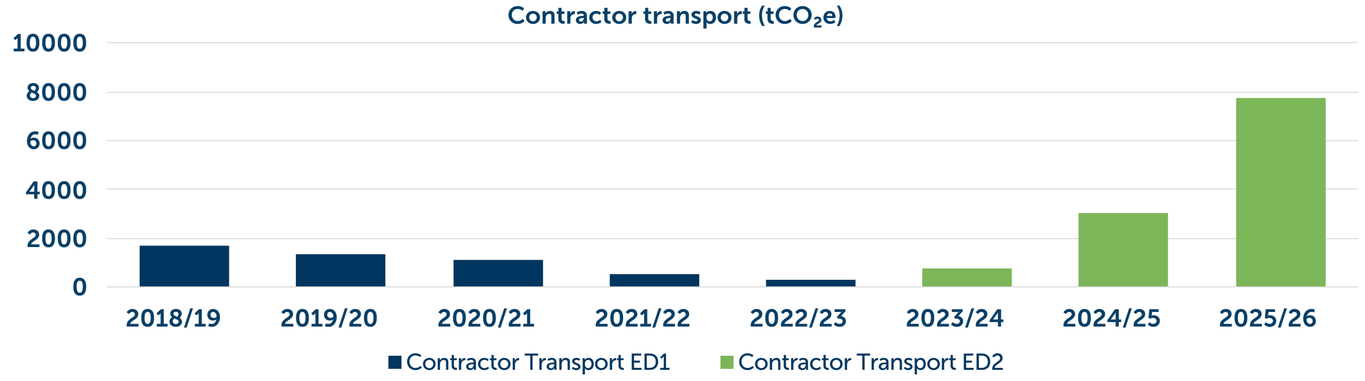


Figure 4.10: Annual emissions for contractor transport (tCO_2e).

Business travel

Business travel GHG emissions arise from the transportation of employees for business-related activities in vehicles owned or operated by third parties. This includes road, rail, sea and air travel. In our RIIO-ED2 EAP, we committed to reducing business travel related emissions by reducing our average business road mileage (from pre-Covid levels) by 15% and managing return flights to an average of 0.4 per employee per year.

Figure 4.11 outlines our progress against our average business road mileage target for RIIO-ED2, where the average business road mileage is calculated by dividing the number of business miles by the number of employees claiming mileage. In 2025/26, our average business road mileage equated to 3,920 miles/claim, a 17% reduction from our 2019/20 base year, and ahead of our RIIO-ED2 business plan commitment target. We continued to utilise flexible working arrangements, conduct engagements virtually, using digital technologies, and challenged the necessity of road travel to help meet this target.

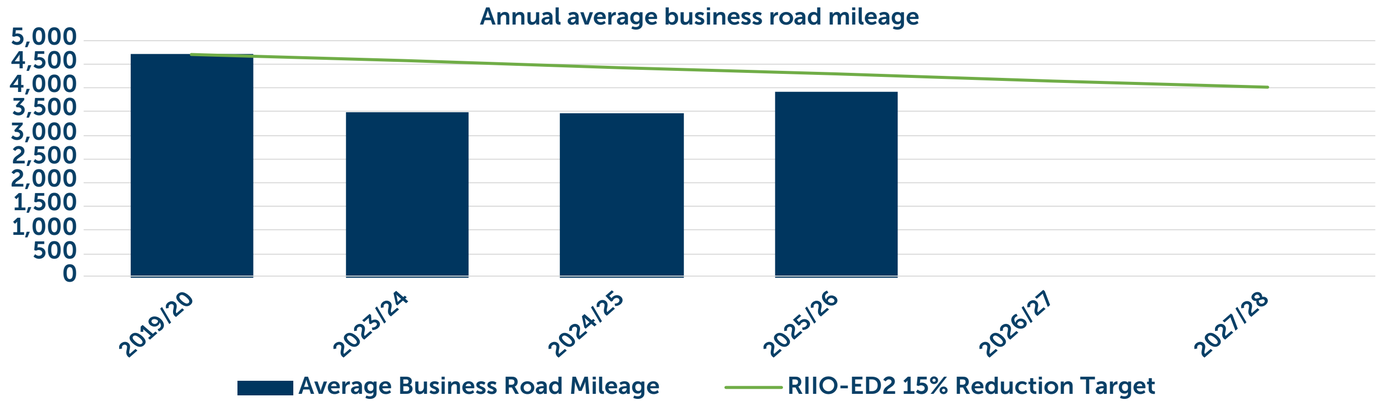


Figure 4.11: Annual average business road mileage over the RIIO-ED2 period (SHEPD and SEPD).

In 2025/26, the number of return flights undertaken equated to 0.22 per employee, a significant decrease from 2024/25, due to implementing internal travel restrictions. This means we're ahead our RIIO-ED2 business plan commitment target of 0.4 return flights per employee. We continued to use virtual meeting platforms, deliver travel awareness communications, and challenged the necessity of air travel.

Total carbon emissions from business travel also decreased. From 2024/25 to 2025/26 we've seen a reduction of 14.4%. Figure 4.12 shows the emissions throughout the years. We're now including hotel stays within this category footprint.

Well-to-tank emissions for our business travel emissions accounted for an additional 402 tCO_2e for 2025/26.

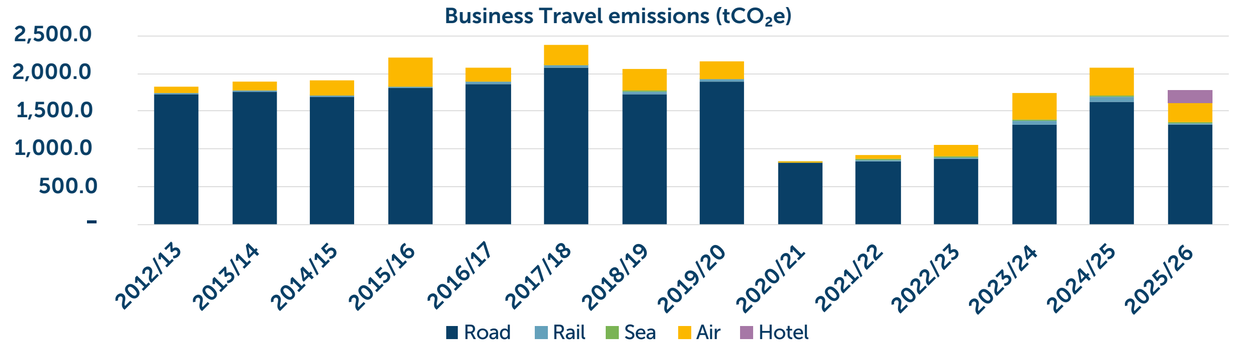


Figure 4.12: Emissions associated with business travel (tCO_2e), excluded well-to-tank emissions.

Other Scope 3 categories

There are a total of 15 categories comprising Scope 3. From these 15 categories, we have emissions in seven of them and we're currently calculating emissions results for five of them. We expect to add emissions from 'Category 5' – Waste and 'Category 7' – Employee Commuting/Working from Home in the coming years.



4.4 Sulphur hexafluoride emissions

4.4.1 Summary

Sulphur hexafluoride (SF_6) is an extremely effective electrical insulator that is used in our circuit breakers, switchgear, and other electrical equipment. It has significant advantages over alternative materials. For example, it is non-flammable, a critical safety requirement in high-voltage applications, and, because of its excellent insulating properties, it takes up less volume than alternatives. However, it's also a very potent greenhouse gas - one kilogram of SF_6 is equivalent to 23,500 kg of carbon dioxide. SF_6 is consequently a material factor in our business carbon footprint. To meet net zero, we must align with a 1.5°C trajectory and therefore, as a minimum, we need to reduce SF_6 emissions by at least 35% by the end of the RIIO-ED2 price control in 2028 and by 55% by 2033.

The emissions of SF_6 we record represent the amount of SF_6 used to top up assets during fault repair, routine maintenance or commissioning of assets that use SF_6 as an insulating medium. During 2025/26 the total SF_6 on our SHEPD and SEPD network was 31,211 kg; a total of 163.305 kg of SF_6 was emitted during this period due to natural leakage and subsequently required top-ups as part of the normal maintenance and cold/hot snaps in the weather that exacerbated leaks.

To counter this, improved monitoring and analysis processes have been developed to track the poorest performing assets on a monthly basis. We're committed to exploring alternatives to SF_6 and we'll continue to install alternatives where solutions are available. We deployed four C4-FN filled assets during 2025/26, and another 52 assets that are air-insulated. Our RIIO-ED2 investment plans included the replacement of both severe and poor leakers in the first two years on a like-for-like basis with newer more efficiently sealed SF_6 equipment, and we're committed to deploying SF_6 alternatives as they become market-ready. Over the course of 2025/26 a total of 316 SF_6-containing assets were commissioned on our network and 248 SF_6-containing assets were decommissioned.

We're actively engaging with numerous suppliers to discuss and technically review their alternative gas offerings at lower 11kV and 33kV voltages, and we'll continue this approach throughout RIIO-ED2. Several non-disclosure agreements have been signed with a variety of switchgear suppliers to share their own developments in HV switchgear at voltage levels across the distribution arena, in both primary and secondary equipment. We're actively engaging with our framework partners and encouraging new suppliers to discuss possibilities for trialling their alternative-gas offerings on our network with the aim to accelerate the adoption of SF_6-free equipment, and to understand some of the potential challenges of managing a multiple gas asset base. In tandem with this, we continue to actively participate in the Energy Networks Association Switchgear Assessment Panel and ensure that any learning is fed back into our strategy work.

When SF_6-filled equipment reaches the end of its operational life and is decommissioned, we take measures to ensure that the SF_6 is recovered from the equipment. Our internal procedure specifies our requirements for the management and handling of SF_6. We utilise a supply chain partner who is fully licenced to remove SF_6 gas and provide full traceability of the volume of SF_6 removed from the asset, alongside providing evidence that the equipment has been degassed and managed in accordance with the F-Gas Regulations.

4.4.2 SF_6 Performance during RIIO-ED2

To meet net zero, we must align with a 1.5°C trajectory. Reducing SF_6 emissions is a key part of that, and our overall target is to reduce our leakage rate (the amount of SF_6 emitted, as a proportion of SF_6 contained in our assets, referred to as the 'bank') by at least 35% by the end of RIIO-ED2, and 55% by 2033. In 2025/26, SF_6 emissions for SSEN Distribution totalled 3,837.7 tCO_2e. The SF_6 leakage rate for 2025/26 was 0.5% (i.e. 0.5% of our total SF_6 holdings were emitted), representing an 18.3% reduction in leakage rate compared to our 2019/20 baseline, behind our 19% reduction target for year 3 of RIIO-ED2.

For further details on SF_6, please see the AER KPI Tables available via ssen.co.uk/environment-docs



4.5 Electricity distribution losses

4.5.1 Summary

Electrical losses are an unavoidable consequence of transferring energy across the electricity network, where they have a significant financial and environmental impact. For DNOs, electrical losses represent the difference between the amount of electricity entering the distribution network, from the transmission system or directly from generators, and the amount of electricity leaving the distribution network to our customers. These losses are classified as either technical (resulting from our assets and the movement of electricity through our network) or non-technical (resulting from electricity accounting issues).

We have obligations to manage distribution losses and to ensure they are as low as reasonably practicable. In RIIO-ED2, we have committed to implementing a strategy to efficiently manage losses on our network in the long-term, reclassify losses as a Scope 2 emission and act to reduce actual losses. Through our Losses Strategy we aim to deliver reductions in losses by:

- Setting asset and network design policies and specifications to minimise losses where this is demonstrably the right approach.
- Strategically installing lower-loss assets, and optimising network configuration where this is demonstrably the right approach.
- Trialling known and new losses reduction techniques, such as methods to stabilise power factor and improve power quality, to assess suitable applications within our network.
- Tackling electricity theft and calculating anomalies through investigation and wide-reaching communications highlighting the issue.
- Improving our understanding of network losses through research, innovation and collaboration.

Through our targeted initiatives, we hope to realise a losses avoidance of approximately 466,612 MWh by the end of the RIIO-ED2 price control period.

During 2025/26, we continued to strategically install lower-loss assets, such as transformers, to reduce actual losses; we progressed our Innovating Losses Analysis and Detection (I-LAD) innovation project into the trial phase and internally created an enhanced technical losses baseline view at individual asset level. As a result of our targeted interventions, we've achieved a calculated losses saving of 29,041 MWh for 2025/26 and a cumulative saving of 49,690 MWh to date in RIIO-ED2. By maintaining our externally published Losses Strategy and reporting our performance in this section, we are increasing the transparency to our stakeholders on our direct actions to manager distribution losses.

Full details of our Losses Strategy can be found at: ssen.co.uk/losses-strategy



4.5.2 Losses Strategy in action

To help ensure we meet our commitment to reduce losses and ensure they are as low as reasonably practicable, we've been implementing targeted measures as outlined in our Losses Strategy. These initiatives and performance during RIIO-ED2 are summarised below.



Installing energy-efficient transformers

We've been strategically installing plant and equipment that delivers enhanced losses performance and meets the EU Transformer Eco-design Directive Tier 2 specification. This includes replacing inefficient transformers and accelerated replacement of historical high-loss secondary transformers, delivering a calculated losses saving of 15,465 MWh to date in RIIO-ED2.



Upsizing of cables and transformers

In general terms, increasing the diameter of conductors and upsizing the rating of transformers reduces losses. Therefore, we've set asset design policies and specifications to increase the minimum size of new cables and ratings of transformers, delivering a calculated losses saving of 4,567 MWh to date in RIIO-ED2.



Upgrading network voltages

As losses are proportional to the square of the current, and current is directly proportional to the power throughput, increasing network voltages can reduce losses for the same power transfer. As part of our network capacity increase and standardisation, we've been upgrading legacy 6.6kV networks to 11kV in our SEPD licence area and a number of schemes are in planning for delivery in later years of RIIO-ED2.



Reducing energy usage at substations

Our substations consume energy to maintain secure network operation and this usage is currently unmetered, so estimates are used in our settlements process, contributing to non-technical losses. By improving the energy efficiency of our substations, we can reduce substation electricity consumption and as a result also reduce losses. Through our targeted substation refurbishment works, including the installation of LED lighting, advanced heating control systems, double-glazed windows, and replacement doors to improve thermal performance we've delivered a calculated losses saving of 4,361 MWh to date in RIIO-ED2.



Resolving Metering Point Administration Numbers (MPAN) Discrepancies

Our Network Protection team continues to focus on investigating and resolving MPAN discrepancies and reducing non-technical losses; through these activities we've delivered a calculated losses saving of 25,297 MWh to date in RIIO-ED2. We've also progressed our I-LAD innovation project to trial smart, data-led tools to enable more accurate detection of non-technical losses and targeted cross-industry interventions.



Improving assessment and reporting of losses

We've collaborated across DNOs to share best practice and innovation learning; this includes sharing our updated losses- apportionment methodology from our New Approach to Losses (NATL) project; and the development of smart, data-led tools to enable more accurate detection of non-technical losses through our I-LAD project. Projects such as these are helping to establish a more robust framework for assessing and reporting losses throughout the price control period.

And to improve the visibility of losses on our network, we've created an enhanced technical losses baseline view at individual asset level, with the potential for further development to assist in prioritising interventions to reduce actual losses, as well as continuing to install smart meters and LV monitors.

For further details on losses, please see the AER KPI Tables available via ssen.co.uk/environment-docs

5. EMBODIED CARBON

5.1 Summary

Embodied carbon is a major contributor to the UK's overall carbon emissions, and so it's essential that we address its impact as we strive to meet the country's net zero targets.

It encompasses the total greenhouse gas emissions generated throughout a product's lifecycle including the production, transportation, construction, installation, and end-of-life disposal. These emissions are classified as Scope 3 for SSEN Distribution, as they are not directly generated or controlled by the company but occur within its supply chain.

Our Embodied Carbon tool is integrated into our Distribution Governance and Investment Framework (DGIF) process as a mandatory requirement for all projects over a £10m threshold. The DGIF sets out formal interaction and decision-making between the Distribution System Operation (DSO) and wider DNO services such as asset management, customer connections and delivery. We continue to engage with other DNOs through the ENA Carbon Working Group, through which the database for our tool has been acquired and discussed, and we anticipate further engagement and discussion with our industry peers to help progress this work and support the development of a consistent and effective approach across the sector.

During 2025/26, 21 projects had their embodied carbon quantified through the tool for their final design stage. We used the tool not only in projects over the £10m threshold but also smaller projects to engage the design teams of our suppliers. The carbon intensity metric for these projects is 109 tCO_2e/£m and 244 tCO_2e/km for projects that include different types of cable installation. Table 5.1 shows the projects within our SEPD licence area and their individual metrics for their Design Stage. We expect to update these with 'As-built' stage results in the coming years, as well as reporting on SHEPD projects once data is available.

We also estimated the embodied carbon of all electrical assets installed on our network during 2025/26 by using the reported information to Ofgem in conjunction with our database of emission factors. The total embodied carbon of installed electrical equipment during 2025/26 was calculated as 156,949 tCO_2e, 80,691 for SHEPD and 76,258 for SEPD. Figure 5.1 presents the most significant electrical assets regarding emissions by type of item and licence area.

Project	Emissions (tCO_2e)	Cost (£)	Intensity metric (tCO_2e/£m)	Intensity metric (tCO_2e/km)
Arnewood Transformer and GIS 132 and 33kV	2,303.06	£9,000,000	255.90	889.21
Arnewood Transformer Replacement	653.18	£3,000,000	217.73	563.08
Portland 11kV Panel Replacement	50.75	£1,100,000	46.14	50.75
Shaftesbury A1MT and A2MT Tx Bund	1.48	£186,542	7.91	N/A
Mannington Tx Bund	6.22	£679,465	9.15	32.06
Melksham CB Replacement	0.56	£373,613	1.50	N/A
Chippenham Connection	1,214.53	£36,703,983	33.09	82.10
Showell Farm	24.88	£334,977	74.27	38.28
Frome 33kV Switchgear	192.61	£241,981	795.99	32.10
Chickerell	1,640.67	£642,331	2,554.25	201.31
Fern Brook Solar Farm	6.81	£104,090	65.42	56.75
Hardy Solar Farm	281.88	£251,816	1,119.37	70.47
Poole CB Replacement	126.52	£65,760	1,923.99	194.65
Mannington 132/33kV A2MT replacement	351.22	£1,461,909	240.25	3,512.19
Whitechurch Hill	0.22	£425,810	0.51	N/A
Winterbourne	406.48	£202,824	2,004.09	5,977.62
Bunford Park	208.88	£117,608	1,776.05	870.32
Redhill Circuit Breaker Replacement	609.60	£2,556,132	238.48	N/A
Redhill 33kV C1LR and C2LR	1.03	£279,640	3.68	N/A
LV Monitoring Rollout South	1,124.50	£23,500,000	47.85	N/A
Central Bridge Substation	923.80	£11,644,000	79.34	516.09
Total	**10,128.86**	**£92,872,480**	**109.06**	**244.03**

Table 5.1: Embodied-carbon metrics for SEPD projects' design stage.

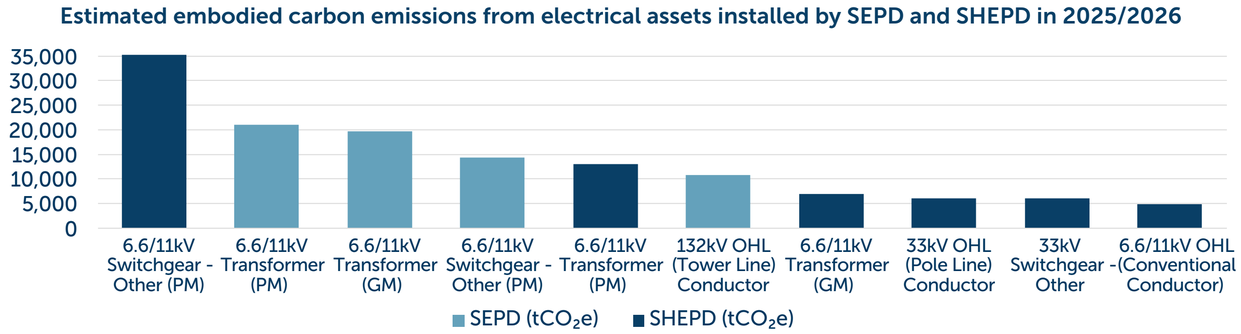


Figure 5.1: Estimated embodied carbon emissions from electrical assets installed by SHEPD and SEPD in 2025/26.

6. SUPPLY CHAIN MANAGEMENT

6.1 Sustainable Supplier Code Summary

In 2023, we launched our Sustainable Supplier Code, where we set out eleven targeted sustainability requirements. Over RIIO-ED2 our target is for suppliers that account for 80% of our total procurement spend within SSEN Distribution, to be signed up to, and engaging with, our Sustainable Supplier Code.

These requirements span the full breadth of sustainability and are designed to support the reduction of Scope 3 emissions across our operations, while also enabling suppliers to reduce their own Scope 1 and Scope 2 emissions.

Our target for 2025/26 was 55%, and we exceeded this by achieving 67% compliance against our total procurement spend, with 71 suppliers signed up to the Sustainable Supplier Code. This continued improvement reflects strong supplier engagement with the Code and demonstrates its effectiveness in supporting suppliers to embed sustainable practices within their organisations.

During the year, we also hosted our annual Sustainable Supplier Event – spread over our Reading and Perth sites, with 110 participants in attendance. These sessions covered a broad range of key sustainability topics, including modern slavery, nature, ED3 plans, social value, and circular economy approaches, as well as supplier speed-pitch sessions and our annual Supplier Awards ceremony.

Feedback from attendees was highly positive, with suppliers recognising and valuing our ongoing efforts to provide practical guidance and support in the sustainability space.



Caption: James Flanagan - SSEN Distribution Director of procurement.

6.2 Sustainable procurement

Throughout 2025/26, sustainability considerations continued to be embedded across all Invitations-to-Tender (ITTs), alongside an increased focus on social value. Incorporating these questions at the ITT stage enables us to assess supplier sustainability maturity, identify areas for improvement, and provide targeted support to drive better outcomes.

Sustainability and Procurement teams have continued to work in close partnership to further develop and enhance our sustainable procurement approach, ensuring alignment with broader organisational objectives and strengthening supplier engagement on key sustainability priorities.

6.3 Additional sustainability tools and platforms

The Supply Chain Sustainability School (SCSS) is a virtual learning platform provided at no cost to our supply chain, with the aim to upskill those working within, or aspiring to work within, the 'built environment' sector on sustainability topics. As of 31 March 2026, 48.4% of our supply chain is signed up to and using the SCSS.

EcoVadis is an online sustainability performance/rating platform which helps organisations to understand their sustainability performance and improve and track progress over time. As of 31 March 2026, 67.4% of our supply chain is signed up to and using EcoVadis.

The SBTi is a corporate climate action organisation that enables companies and financial institutions worldwide to play their part in combating the climate crisis. Our target for 2025/26 was for suppliers representing 35% of our total procurement spend to have a validated Science Based Target. As of 31 March 2026, 32.2% of our supply chain spend was with suppliers that had a validated Science Based Target. Although this is marginally below our annual target, we've continued to see positive progress, reflecting growing supplier commitment to setting robust, science-based emissions reduction targets and supporting the transition to net zero across our supply chain.

6.4 Sustainable Supplier Awards

In June 2025, we proudly announced the winners of our Sustainability Awards for 2025/26, recognising outstanding contributions across our supply chain.

Senior leaders from across SSEN Distribution, including our Managing Director, Director of Asset Management and Director of Procurement, reviewed and assessed the submissions. The awards remain an important platform for recognising and promoting the exceptional sustainability performance of our suppliers, enabling us to share best practice across the organisation and with external stakeholders.

The award recipients were:

- Low Carbon – Advanced Infrastructure.
- Social Value – OCU.
- Circular Economy – Tower Supplies.
- Engineering – Brush.
- Nature – Dalcour Maclaren.
- People/Culture – Pointer.



Figure 6.1: 2025 Sustainable Supplier Days. Shirley Robertson presenting Murdo McNeilage and Sam West from Dalcour Maclaren with their award for winning the Nature category.



Figure 6.2: 2025 Sustainable Supplier Days. Shirley Robertson presenting Kimberley Bowcutt from Tower Suppliers with the award in the Circular Economy category.

6.5 Social value

Following the introduction of social value metrics within our SEPD Grid Supply Point (GSP) framework, we've continued to expand and embed these measures across additional frameworks. As a result, a total of eight contractors are now actively reporting social value data.

During 2025/26, the combined efforts of our contractors and internal Stakeholder Engagement teams have delivered a significant social value contribution of £10 million. This has been achieved through a diverse range of initiatives, including apprenticeships, STEM engagement programmes, volunteering activities, and charitable contributions.

We're committed to building on this progress and further strengthening our approach. In 2026/27, we plan to embed social value metrics across a further 15 contracts, enhancing both the scope and impact of our social value delivery.



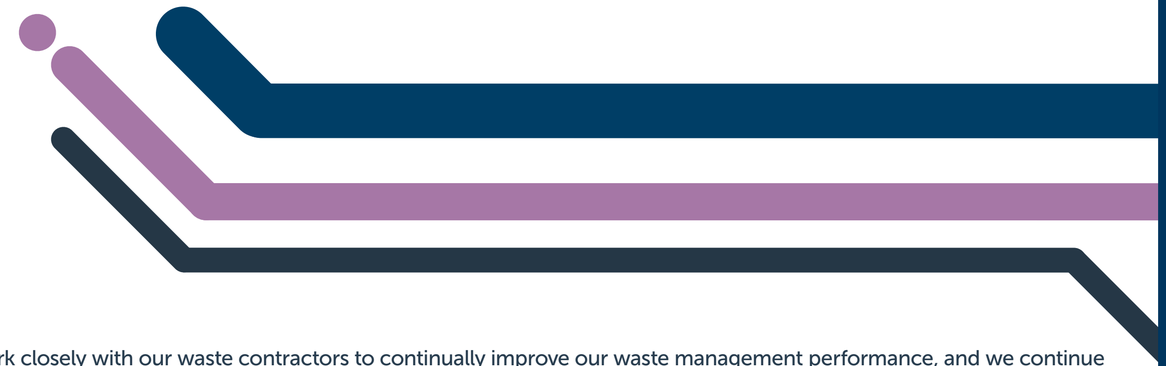
7. SUSTAINABLE RESOURCE USE AND WASTE

7.1 Summary

As part of SSE, we're actively working towards more sustainable patterns of resource consumption; reducing reliance on non-renewable and single-use products, linking to the objectives of UN Sustainable Development Goal 12 (Responsible Consumption and Production)[7].

In 2025/26 we produced a total of 6,566 tonnes of waste, of which 81% was recycled and 99% was diverted from landfill. A large proportion of our recycling tonnage is achieved through adopting circular economy principles, such as regenerating our transformer oil.

Transformers and electrical switchgear require regular testing and renewal of their insulating oil to ensure functionality. We partner with Electrical Oil Services (EOS) to recycle used oil which is then repurchased for maintenance top-ups and refills. In 2025/26 over 992 tonnes of reclaimed oil was purchased and more than 1,467 tonnes of oil was sent for recycling. This process is 98% circular, with minimal inflow and outflows due to the return of PCB-contaminated oil and the purchase of new oil required for specific standards.

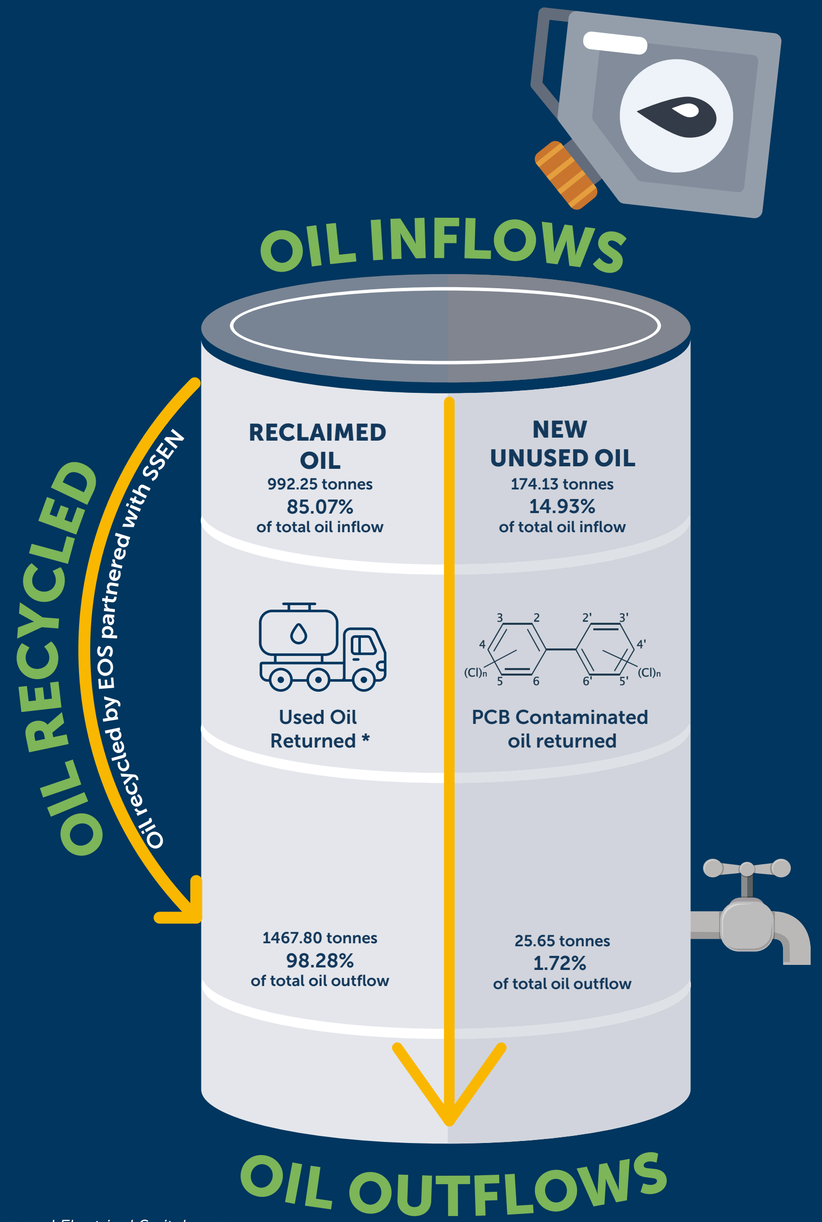


We work closely with our waste contractors to continually improve our waste management performance, and we continue to monitor waste management key performance indictors monthly via our ISO14001 certified Environmental Management System.

As part of our Sustainable Supplier Code, we're also working closely with suppliers to ensure we look to reduce the amount of waste that is generated in our operations and support them with implementing a waste management strategy within their businesses.

In 2025/26, we renewed our contract with our waste management contractor Biffa; this includes provisions to recognise individuals or teams who have demonstrated excellence in recycling or landfill diversion for their performance, as well as a community fund to promote recycling and the circular economy in our communities.

[7] United Nations - Department of Economic and Social Affairs - Sustainable Development - https://sdgs.un.org/goals/goal12



** Use of oil in Transformers and Electrical Switchgear.*

Figure 7.1: Recycle oil inflows and outflows.

8. VISUAL AMENITY

8.1 Summary

As a significant portion of our network consists of overhead lines (OHL), we recognise that in sensitive environments these can have an adverse impact on visual amenity. This can, in turn, affect individual wellbeing and local economies, particularly in areas where tourism is a key industry. The communities we serve are key stakeholders in our business, making this an important issue for us to address.

To help improve visual amenity, we committed to undergrounding up to 83km of OHL in designated scenic areas across both of our distribution networks, SHEPD and SEPD, during RIIO-ED2.

8.2 Undergrounding schemes in 2025/26

Visual amenity projects are informed by stakeholder nominations and assessed using a visual amenity impact scoring model. This approach supports the prioritisation of schemes expected to deliver the greatest benefit to customers, while reflecting stakeholder preferences.

During 2025/26, we continued to progress the delivery of undergrounding schemes. In SHEPD, 0.25km of cable was successfully undergrounded at Dess in Aboyne, and in SEPD, 0.29km of OHL was undergrounded at Winterbourne in North Wessex, and 0.54km at North Cerney in the Cotswolds, totalling 0.83km.

Looking ahead, in SHEPD a number of schemes remain in development, with delivery planned during 2026/27. In SEPD, a strong pipeline of projects also continues, including overhead line removal and associated new cable installations as part of RIIO-ED2.

Stakeholders continue to highlight the importance of undergrounding for visual amenity, while emphasising the need to minimise environmental disruptions. We'll continue to focus on delivering high value projects that maximise benefits for customers and stakeholders, while ensuring these considerations remain central to our scheme selection as we plan ahead for ED3.

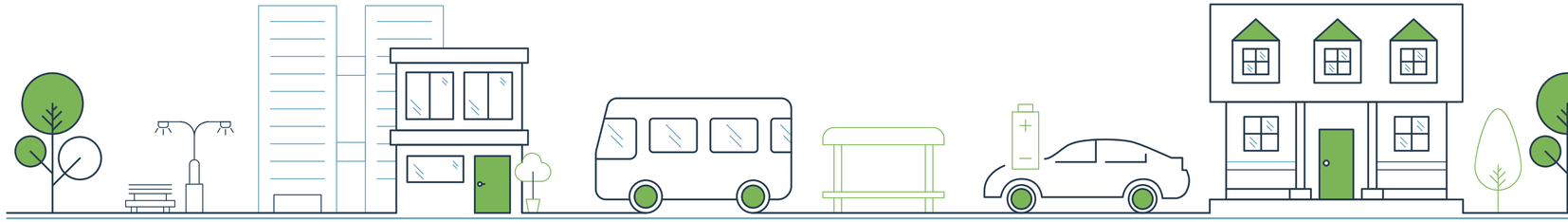
If you know of a designated sensitive landscape that could be improved by the removal of our overhead lines and wooden poles, we want to hear from you. While funding for RIIO-ED2 is now fully allocated, stakeholder nominations will help inform the development and prioritisation of schemes for ED3. Please visit ssen.co.uk/undergrounding - to nominate a scheme.



Figure 8.1: North Cerney in the Cotswolds before the undergrounding of overhead lines.



Figure 8.2: North Cerney in the Cotswolds after the undergrounding of overhead lines.



9. NOISE POLLUTION

9.1 Summary

To help support our customers with concerns regarding noise issues, we've got a dedicated Customer Relations team that can be contacted by phone, email, post, or online, who work with customers and our regional staff to try and reach a satisfactory solution. Noise-nuisance issues may arise from the fixed plant and equipment installed on our network such as transformers, the temporary plant and equipment we use during faults such as mobile generators or from our operational activities where we're developing and maintaining the network.

In our RIIO-ED2 EAP, we committed to take efficient actions to reduce noise where necessary and report on these actions. Figure 9.1 details the annual trend of all noise related complaints for RIIO-ED2. The numbers in SHEPD are relatively static between years and have also stabilised in SEPD after a significant increase between 2023/24 and 2024/25. Most noise related complaints continue to arise from mobile generators used temporarily to maintain power supply to our customers during periods of loss of power.

In 2025/26, there were ten noise related complaints in our SHEPD licence area and 71 in our SEPD licence area. Of the 81 noise related complaints in total, 75 were followed up and resolved within 48 hours of the complaint being logged. There were three complaints that required further intervention, and the successful resolution of these included the installation of an acoustic roof over a substation, addition of anti-vibration pads to transformers, replacement of fans and repairs to a door.

Figure 9.2 shows the categorisation of noise related complaints for 2025/26 with 57% related to mobile generators which are temporarily used to maintain power supply to our customers during supply interruptions. We take noise complaints into consideration when planning jobs and work with our customers if there are issues. We also have a growing number of hybrid generator options that significantly reduce operational noise.

For the breakdown of noise pollution complaints, specifically related to the normal operational characteristics of fixed electrical distribution assets (e.g. transformers), please see the AER KPI Tables via ssen.co.uk/environment-docs

If you'd like to contact us to discuss noise pollution in your area, please visit ssen.co.uk/contact-us

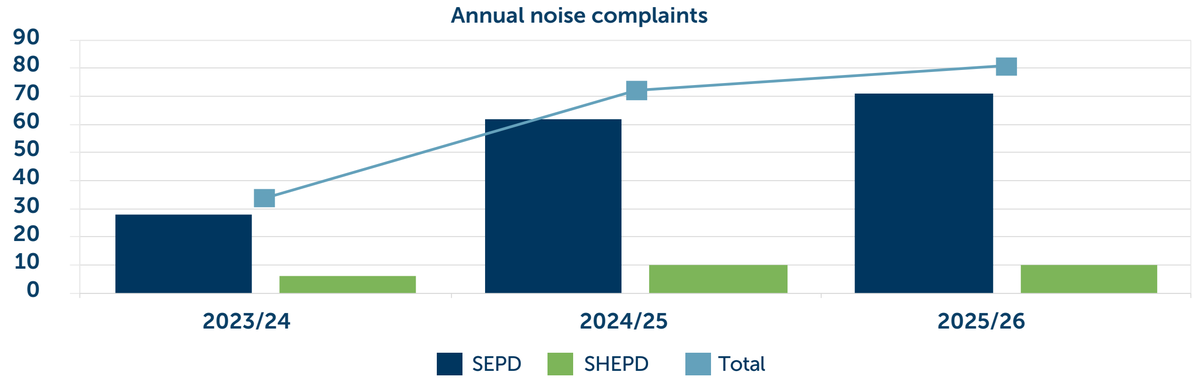


Figure 9.1: Annual Noise complaints.

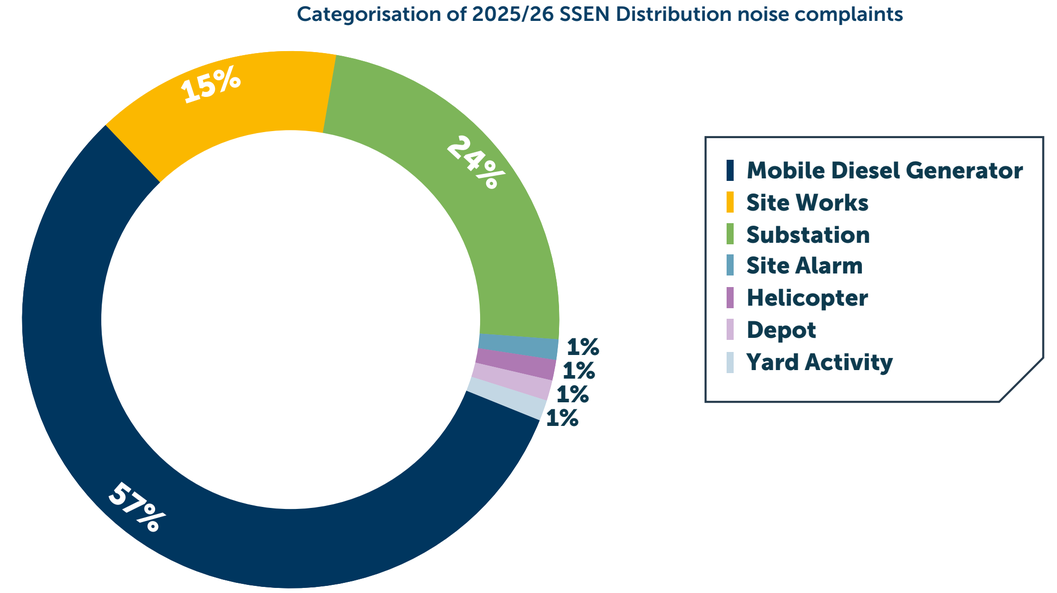


Figure 9.2: Categorisation of 2025/26 SSEN Distribution total noise complaints.

10. POLYCHLORINATED BIPHENYLS

10.1 Summary

Polychlorinated Biphenyls (PCBs) are persistent organic pollutants known to be harmful to human health and the environment. Their manufacture was banned in the UK in 1986, and internationally by the Stockholm Convention on Persistent Organic Pollutants in 2001. Successive changes to legislation have been enacted to drive the elimination of legacy PCBs that were manufactured and used prior to bans.

Historically PCBs were introduced via the supply chain into electrical insulating oil and some electrical equipment (mainly transformers) due to their low flammability and high dielectric performance. SSEN Distribution and its predecessors never specified PCBs in the insulating oil used in its equipment, but cross-contamination in the supply chain for mineral oil has resulted in some equipment, manufactured before 1987, containing low concentrations of PCBs.

Before 2020, transformers containing oil with up to 500 parts per million (ppm) of PCBs could remain in service until the end of their useful working lifespan. Subsequent changes to legislation reduced that threshold and required all transformers with more than 50ppm of PCBs to be decontaminated or removed from service by 31 December 2025.

We've delivered a programme of testing, decontamination and asset replacement to meet these requirements.

We hold registers with regulators the Environment Agency (EA) and the Scottish Environment Protection Agency (SEPA), where any assets that are or may be PCB-contaminated are listed. We complete annual updates to the registers to report our progress on removing PCB-contaminated assets.

Assets can be removed from the registers for one of the following reasons:

- An oil test has confirmed the PCB concentration is no greater than 50ppm (a negative test result).
- The asset has been decommissioned, and the oil safely destroyed if the PCB concentration is over 50ppm (a positive test result).
- The asset has been decontaminated to reduce the PCB concentration to no more than 50ppm, by changing the oil, and the waste oil safely destroyed.
- The asset has been classified as having low risk of PCB contamination, by a statistical model approved by the EA and the SEPA.

10.2 2025/26 performance

During 2025/26 we completed 4,106 asset interventions which, together with statistical model updates and data cleansing, have enabled removal of 8,476 assets from registers held with regulators.

Ground-mounted transformers

During 2025/26 we tested 456 oil samples from ground-mounted transformers (GMTs). Over the whole programme of testing of more than 19,000 GMTs, results confirmed fewer than 4% of these pre-1987 assets had PCB levels above 50ppm. Amongst the few contaminated GMTs, the average PCB level was well below 200ppm.

We've completed oil changes on 183 contaminated GMTs, with subsequent oil tests confirming successful decontamination. Two GMTs were removed and replaced because it was not possible to safely sample or change their oil.

20 GMTs remain outstanding for intervention: either testing, replacement or decontamination by oil changes. These interventions have been delayed due to interactions with wider project works or dependencies on customers or third-party consents. We remain focussed on completing these works and are providing regular progress updates to our environmental regulators.

Pole-mounted transformers

During 2025/26 we removed and tested 3,465 pole-mounted transformers (PMTs). The required intervention volumes are driven by outputs from a statistical model approved by environmental regulators and supported with input from all DNOs. Populations of PMTs across all DNOs have been grouped into cohorts, or families, of manufacturer and year of manufacture. Sample PMTs from each cohort are tested to determine the likely contamination status of all PMTs in that cohort. Generally, a larger proportion of negative test results is required to classify a cohort GREEN – low risk of contamination. A significantly lower proportion of positive test results will classify a cohort RED – high risk of contamination. Until enough samples have been tested to determine a cohort's likely contamination risk, it is classified AMBER – unknown.

Since implementing this model, the intervention targets steadily reduced as AMBER cohorts have been reclassified RED or GREEN, driving adjustments to our work programme. During 2025/26 there were smaller changes to overall volumes of RED and GREEN PMTs as we progressed through the long tail of smaller AMBER cohorts.



Figure 10.1: Prototype Lancet tool with remote control.



Figure 10.2: Lancet tool deployed on a pole mounted transformer to retrieve oil sample (in a training environment).

106 PMTs remain outstanding for intervention: either testing or replacement. Most of these outstanding assets were previously classified GREEN but have been reclassified RED following updates to the statistical model since 1 January 2026.

We've got over 16,000 GREEN PMTs remaining in service on the network. The statistical model will remain active as we must test to confirm PCB levels when assets are removed from service at the end of their useful lives. We expect some positive tests and further cohort swings from GREEN to RED, until all PMTs older than 1987 have been removed from the network. To date, we've removed PMTs to sample and test their oil, and the overall contamination rate amongst RED classified PMTs is 16%. Together with another DNO, we've funded and supported development of an innovative sampling tool – the Lancet – to obtain oil samples from PMTs whilst they remain in service and energised. This tool is undergoing final proving trials and when deployed, we anticipate it will enable a faster response when a cohort swings to RED, enabling identification and targeted replacement of only those PMTs containing greater than 50ppm PCBs. This will both reduce supply disruption for customers and enable us to maximise the useful lives of the assets that are classified RED but return negative PCB tests.

For further details on SF_6, please see the AER KPI Tables available via ssen.co.uk/environment-docs

11. BIODIVERSITY AND NATURAL CAPITAL

11.1 Summary

SSEN Distribution operates across the varied geographies and landscapes of its licence areas in the north of Scotland and central southern England. These are rich with important habitats and species, and designated areas including nationally designated Sites of Special Scientific Interest (SSSI) and European designations such as Special Protection Areas (SPA) and Special Areas of Conservation (SAC), as well as character areas such as National Parks, National Landscapes and National Scenic Areas.

Everything that we do as a business has impacts and dependencies on nature, whether directly through activities like construction projects, or indirectly through our value chain. We have approaches and processes in place to minimise any negative impacts our activities may have to ensure compliance and deliver best practice, while our work on NbS seeks to use the power of nature to deliver multiple benefits to the business, environment and the communities that we serve.

11.2 Biodiversity

In line with our legal biodiversity duties as a public body in both England and Scotland, we must comply with statutory requirements and apply the Mitigation Hierarchy to avoid, minimise, restore and compensate impacts, consistent with achieving nature positive outcomes.

We deliver our construction activities in line with these requirements and with consideration for biodiversity impacts and opportunities relating to habitats and species, protected sites, Invasive Non-Native Species (INNS) and to deliver Biodiversity Net Gain (BNG).

Delivering against our duties

Our construction projects must deliver legal compliance with respect to the natural environment, whether that's taking specific measures to protect a certain species, preventing the spread of INNS or delivering habitat gains to achieve BNG. Without meeting statutory planning requirements for BNG, projects won't secure planning consent to allow them to progress. However, electricity network operators have Permitted Development powers that exempt some construction activities from BNG requirements. Recognising that larger scale projects will likely have a biodiversity impact regardless of their planning requirements, SSE has set a commitment for all Large Capital Projects to deliver a minimum 10% BNG. In Distribution, we apply this to any terrestrial construction project with a value over £10m.

In 2025/26, five Large Capital Projects were in line with this SSE commitment, and all of these achieved a minimum 10% BNG. To meet our BNG obligations we've incorporated a mixture of onsite and offsite approaches to securing biodiversity units.

SEPD Case Study: Bournemouth–Mannington 132kV line refurbishment

To enable effective construction delivery of the Bournemouth –Mannington refurbishment during 2026, a location within highly protected landscapes, a comprehensive programme of environmental planning, surveys and mitigation was implemented during 2025/26.

The route passes through internationally and nationally protected landscapes, including the Dorset Heaths SAC, SPA, Ramsar site, and multiple SSSIs. These habitats support sensitive species (e.g. sand lizard, smooth snake and woodlark) and priority habitats such as lowland heath and woodland. The most sensitive works occurred at Ferndown Common SSSI, requiring strict coordination with environmental regulators.

The following activities ensured successful delivery:

- **Early stakeholder collaboration:** close engagement with Natural England, Dorset Council and the Amphibian and Reptile Conservation Trust (ARC) shaped route design, access and working methods to avoid sensitive habitats and align with conservation objectives.
- **Consents and regulatory compliance:** section 37 consent, SSSI assent and TPO approvals were secured in advance, ensuring construction could proceed without delay.
- **Targeted ecological surveys:** proportionate surveys (bats, dormice, reptiles) reduced uncertainty and avoided unnecessary licensing. Where risks remained, precautionary methods (e.g. soft felling, seasonal clearance, ecological supervision) were built into construction.
- **Site-specific mitigation:**
    - Sensitive routing and controlled working areas to avoid key habitats (e.g. sand lizard and smooth snake).
    - Use of existing access tracks, track matting and pollution controls to minimise ground and habitat disturbance.
    - Non-licensed dormouse method statements and toolbox talks to ensure compliance onsite.
- **Heritage protection:** Archaeological assessment and monitoring enabled works near Bronze Age features without impacting heritage assets.
- **Habitat enhancement integration:** vegetation clearance was designed to improve lowland heath condition, creating open habitat and bare ground that benefits protected species, ensuring environmental gain alongside mitigation.

These measures allowed construction to proceed efficiently, avoiding delays associated with protected species licensing and preventing impacts on designated sites, demonstrating how robust environmental planning can de-risk delivery in environmentally sensitive locations.



Taking action for species

In considering the impacts to species as a result of our projects, robust scientific evidence is critical. With this in mind, and in relation to a submarine cable project between the Inner Hebridean islands of Coll and Tiree, we supported the RSPB in completing a survey of wintering waders around the entire coast of Tiree in February 2026. The island of Tiree is the westernmost of the Inner Hebrides and is a flat, low-lying island, roughly 20km long and 5km wide, which has long been known for its important bird populations.

A total of 5,510 waders from 14 species were counted. Whole island totals included: 573 Turnstone, 667 Ringed Plover, 735 Sanderling and 248 Purple Sandpiper. Tiree still holds nationally important numbers of these four key species. Completing these surveys contributes to long-term datasets for these species allowing population trends to be monitored.

Figure 11.1: Counting Curlew on Soa (Tidal) Island, Tiree 2026 (photo Steph Cope, RSPB).

11.3 Natural capital

SSEN Distribution relies upon natural capital for the provision of goods and services, such as wood poles, carbon removals and flood resilience. Recognising the ecosystem service benefits delivered to the business and the communities we serve, we're proud to be taking action now to ensure these long-term benefits and consider it to be good business practice that delivers true value.

Delivering ecosystem service benefits through Nature-based Solutions (NbS)

Nature-based Solution for carbon removal - woodland

Four woodland creation projects across SHEPD and SEPD achieved full or partial work completion during 2025/26 in line with contract delivery. These include Heal Rewilding in Somerset through Projects4Nature, Forest Carbon at Creag an Fhithich in Argyll and Bute, National Trust for Scotland at Allt Garbh in Aberdeenshire and Evenlode Landscape Recovery Project in the Cotswolds.

Our overall RIIO-ED2 target for woodland creation is 258 hectares across both the SHEPD and SEPD licence areas. 32% of our overall RIIO-ED2 woodland creation delivery target has been achieved, and we're on track to achieve the overall target by the end of the price control in line with successful contract delivery.

Nature-based Solution for carbon removal – peatland

Three peatland restoration projects across SHEPD and SEPD achieved full or partial work completion during the 2025/26 performance year, in line with contract delivery. This includes Palladium at the Delnadamph Estate in Aberdeenshire, RSPB at Forsinard Flows in the Flow Country of the Highlands, and Freshwater Habitats Trust across two sites in Oxfordshire as part of Projects4Nature.

Our overall RIIO-ED2 target for peatland restoration is 522 hectares across both the SHEPD and SEPD licence areas. 62% of our overall RIIO-ED2 peatland restoration delivery target has been delivered, and we're on track to achieve the overall target by the end of the price control in line with successful contract delivery.

Protecting marine biodiversity: Life below water (CVP)

We've partnered with the Scottish Marine Environmental Enhancement Fund (SMEEF) for the delivery of seagrass planting in the seas around our Scottish licence area through a number of different projects. Those actively delivering seagrass projects within the 2025/26 performance year include Mossy Earth in Inverness, Wester Ross Fisheries Trust and UHI Shetland, with a total of 0.48 hectares being planted.

Each project has tailored its seagrass planting techniques to the unique ecological niche in which its teams are working. Consequently, four different techniques have been tested to date:

- Transplantation of individual shoots.
- Transplantation of cores.
- Seed planting.
- Nursey cultivation and re-planting of washed-up shoots.

The learning from these trials will be shared to enhance the success of all the Seagrass Meadows Scotland projects.

In addition to the partnership in SHEPD, we're also pleased to partner with Project Seagrass for the delivery of seagrass planting in the seas around our English licence area. Planning work is in progress, and planting will take place across four sites in the Solent and around the Isle of Wight.



12. FLUID-FILLED CABLES

12.1 Summary

We're committed to reducing our environmental impact in the areas where we operate. An important element of this is to ensure that any oil contained in our assets does not cause damage to the surrounding area.

Oil is widely used as an insulating material or cooling medium across a wide variety of electrical equipment, including fluid-filled cables (FFC) and some types of electrical switchgear and transformers. We've got robust processes in place to maintain and operate these assets, so that we can ensure any potential leakage is minimised. And if there is an incident, we're committed to a safe, fast response to address and resolve any issues, thus ensuring that there are no adverse environmental impacts seen as a result.

A focus of our oil-leak monitoring is oil within FFC, which can leak due to age, wear, or third-party damage. If untreated, a leak will not only cause potential environmental damage but may result in equipment failure and disruption for our customers.

To mitigate the environmental impact and any associated supply disruption, we employ a pro-active leak location process known as tagging. This process allows the circuit to remain in service while the leak is being located, by dosing the cable system with a chemical marker that can be detected by equipment above ground. This method of detection can detect multiple leaks on the circuit at each operation. Once identified, repairs and any necessary remedial works will be carried out using a risk-based approach. This process is built into the routine maintenance process of our FFC assets.

In addition to our pro-active oil leakage strategy, we have a comprehensive range of specialist equipment to ensure that we can provide a robust response to any oil leakage event. We've also established service agreements with specialist contractors for support in the event of an incident.



For further details on SF_6, please see the AER KPI Tables available via ssen.co.uk/environment-docs

12.2 Fluid-filled cable performance during RIIO-ED2

Oil leakage from FFCs (legacy assets of electricity transmission and distribution networks) is known to cause negative environmental impacts. As part of our RIIO-ED2 Business Plan submission, we identified 72km of FFCs to replace during the price control, of which 20.9km was funded. We replaced 10.66km of FFCs during 2025/26. Figure 12.1 shows that the total km of FFC on our network decreased from 1,207km in 2015/16 to 1,110km in 2025/26. There was an increase from 2022/23 – 2023/24 due to a data cleanse in our asset management system.

A total of 23,858 litres of oil was used to top up FFCs on the SSEN Distribution network in 2025/26, a decrease of 4,133 litres compared to 2024/25.

It should be noted that the volume used to top up the cables does not directly equate to oil directly leaking into the environment, rather it is the volume required to bring the cables back up to operational pressure, with the leakage rate calculated following a subsequent top-up when we determine whether it meets the leakage investigation and EA/SEPA reporting thresholds.

In our SEPD licence area, we're on track to deliver the replacement of FFC funded within our price control settlement, for cables that pose elevated risk in Portsmouth Water's operating area.

Within our Environmental Management System, FFC leaks are documented as a significant environmental aspect and impact, and we've therefore implemented appropriate operational control measures to ensure that this risk is effectively managed and, where possible, the risk is reduced.

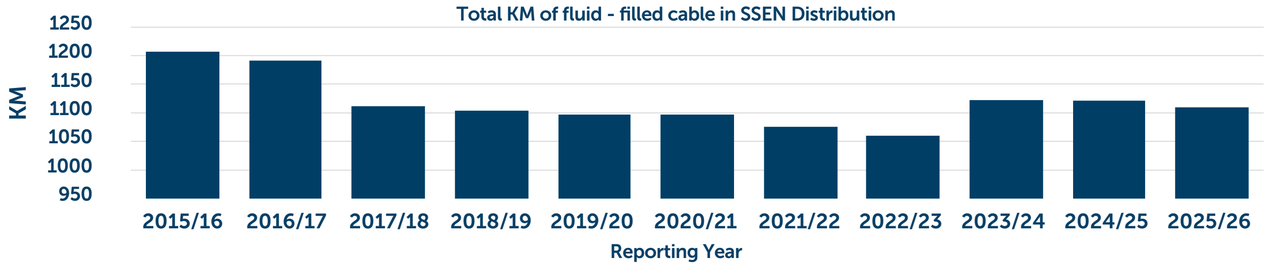


Figure 12.1: Total KM of FFC on our network.

12.3 Fluid-filled cable industry engagement

We continue to engage with other industry stakeholders to share best practices to reduce oil leakage. This involvement includes meetings with other DNOs to share best practice learnings and ongoing innovation projects. We hold regular meetings with the Environment Agency in England and the Scottish Environmental Protection Agency in Scotland to review performance. We will continue this work as we progress through RIIO-ED2.

For further details on SF_6, please see the AER KPI Tables available via ssen.co.uk/environment-docs



13. WIDER ENVIRONMENT AND OTHER ACTIVITIES

13.1 SSEN Distribution volunteering days

Below are examples of our successful volunteering days, demonstrating SSEN Distribution's strong commitment to social responsibility and supporting local communities. Through our volunteering programme, employees are encouraged to take a day away from their usual roles to contribute their time and skills to charities and community projects.

The Wiltshire Wildlife Trust

The Wiltshire Wildlife Trust's tree nursery in Swindon is thriving, thanks to SSEN Distribution volunteers and our project partner, OCU Group.

Held in June 2025, 11 volunteers from our Large Capital Delivery team and their contract partner, OCU Group, took a day away from their usual roles to support the Wiltshire Wildlife Trust's vital work in protecting and enhancing local biodiversity. The team carried out a range of tasks to enhance the growth of the young trees, including repotting tree seedlings, painting reclaimed pallet spacers for use as planters, and constructing protective cages to shield young trees from local deer.

The nursery is managed by the Wiltshire Wildlife Trust and plays a key role in supporting the local natural environment. Founded in 1962, the Trust manages over 40 nature reserves in Wiltshire and Swindon, including wetland, woodland, meadow and chalk downland habitats and is committed to helping people connect with nature and take action on climate change.

"We are delighted to work with such an enthusiastic and proactive team from SSEN Distribution and OCU. Given broad project parameters, the group demonstrated exceptional initiative and problem-solving abilities.

By day's end, they had successfully constructed a walk-in protective cage, installed raised garden beds, and populated the enclosure with tree seedlings they had carefully transplanted from seeds collected the previous autumn. We greatly appreciate their outstanding contribution and look forward to welcoming them back for future projects."

- Neil Pullen, Conservation Lead for Wiltshire Wildlife Trust.

Lower Moor Farm Nature Reserve

Contributing to biodiversity at Lower Moor Farm Nature Reserve through volunteering.

In November 2025, five volunteers from our Large Capital Delivery team and OCU Group came together for a rewarding day at Lower Moor Farm Nature Reserve, managed by Wiltshire Wildlife Trust. The team supported conservation efforts by clearing and maintaining the apiary area, helping to protect pollinators and the vital role they play in sustaining biodiversity.

Lower Moor Farm is a remarkable wetland site, made up of lakes, reedbeds, grasslands and wildflower-rich habitats, supporting a wide variety of species and playing an important role in local conservation. The day was a strong example of collaboration between SSEN Distribution, OCU Group and Wiltshire Wildlife Trust, demonstrating the value of partnership and community action in delivering environmental benefits.

"It was fantastic to welcome volunteers from SSEN and OCU Group to Lower Moor.

The support they gave in clearing and maintaining the apiary area makes a real difference to our work and to the pollinators that rely on this habitat.

Days like this show how valuable partnerships are in helping us care for such a special reserve."

- Georgia Robins, Lakeside Care Farm Manager Wiltshire Wildlife Trust.



Figure 13.1: Volunteers from our Large Capital Delivery team and OCU Group with members of the Wiltshire Wildlife Trust and one of their freshly planted saplings.

CONCLUSION

The third year of RIIO-ED2 has reflected the significant effort and commitment across SSEN Distribution to deliver against our environmental commitments. The progress achieved this year demonstrates that we've got a successful programme in place, underpinned by strong collaboration with partners and stakeholders.

We've built on previous progress in many of our environmental commitments, and we're continuing to strengthen our environmental performance and deliver improved outcomes for our customers.

2025/26 has been a strong year of delivery in many of our environmental and wider sustainability objectives, with measurable progress against our RIIO-ED2 Environmental Action Plan, along with continued alignment with our ambition to meet our Science-Based Targets.

We've exceeded our Scope 1 and 2 emissions targets, achieving a 31.4% reduction against our 2019/20 baseline and making strong progress towards our commitment to reduce emissions by 35% by 2028. We continue to drive down operational emissions across the business, including delivering a 98% reduction in mobile generation emissions through the transition to HVO.

Our NbS partnerships have delivered positive outcomes through the delivery of woodland creation and peatland restoration, with 32% of our 258-hectare woodland target and 62% of our 522-hectare peatland target achieved to date. These projects are already contributing to carbon removal, biodiversity enhancement and wider environmental benefits across our licence areas.

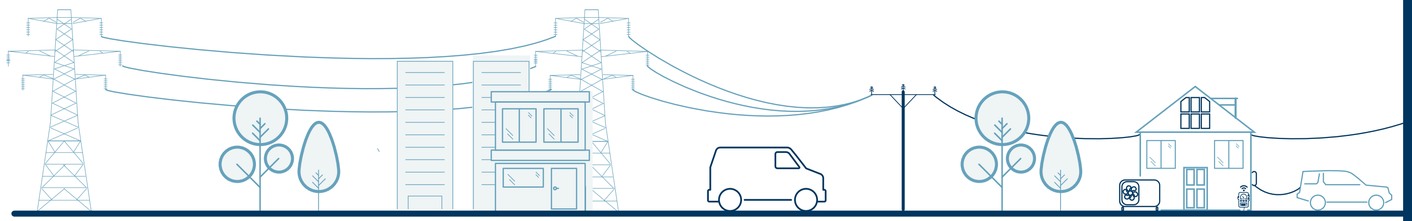
We've also made strong progress in protecting marine biodiversity through our partnership with SMEEF, delivering 0.48 hectares of seagrass planting in 2025/26, alongside piloting innovative techniques to improve long-term success. Building on this, our new partnership with Project Seagrass marks an important step in expanding delivery into our English licence area, with planting planned across four sites in the Solent and around the Isle of Wight. We look forward to reporting further progress and delivery next year.

We've played, and will continue to play, an active role in shaping emerging nature markets through engagement in consultations and stakeholder engagement, helping to define both our own requirements and those of the wider sector, while addressing key challenges and opportunities.

We've also delivered against several of our other 2025/26 targets, with 67% of suppliers against our total procurement spend now aligned to our Sustainable Supplier Code, supporting progress towards our 80% target by 2028, alongside continued strong performance in Sustainable Resource Use and Waste.

We continue to actively monitor, review and strengthen our environmental commitments, identifying opportunities to further reduce our impact and deliver the environmental expectations of our stakeholders.

We believe this report demonstrates to our stakeholders that we have an effective programme in place to deliver environmental benefits and achieve our environment and sustainability commitments. We remain fully committed to fulfilling our responsibilities to both the environment and our customers, embedding environmental stewardship throughout our operations and decision-making.



Supporting Documents:

AER KPI Tables 2025/26.

More information can be found at this dedicated page on our website:

ssen.co.uk/environment-docs

Appendices:

- Appendix 1: Progress update on implementation of our Climate Resilience Strategy.
- Appendix 2: Progress update on our Sustainability Strategy for 2025/26.

For any queries or to request further information on environmental or sustainability topics, you can contact us via:

DistributionSustainabilityTeam@sse.com

APPENDIX 1:

Progress update on implementation of our Climate Resilience Strategy

We continue to make strong progress in the delivery of our climate resilience strategy, transitioning to a more data-driven, regionally-informed and forward-looking resilience approach, supported by enhanced analysis, stakeholder collaboration and embedded governance.

Key highlights during 2025/26 include:

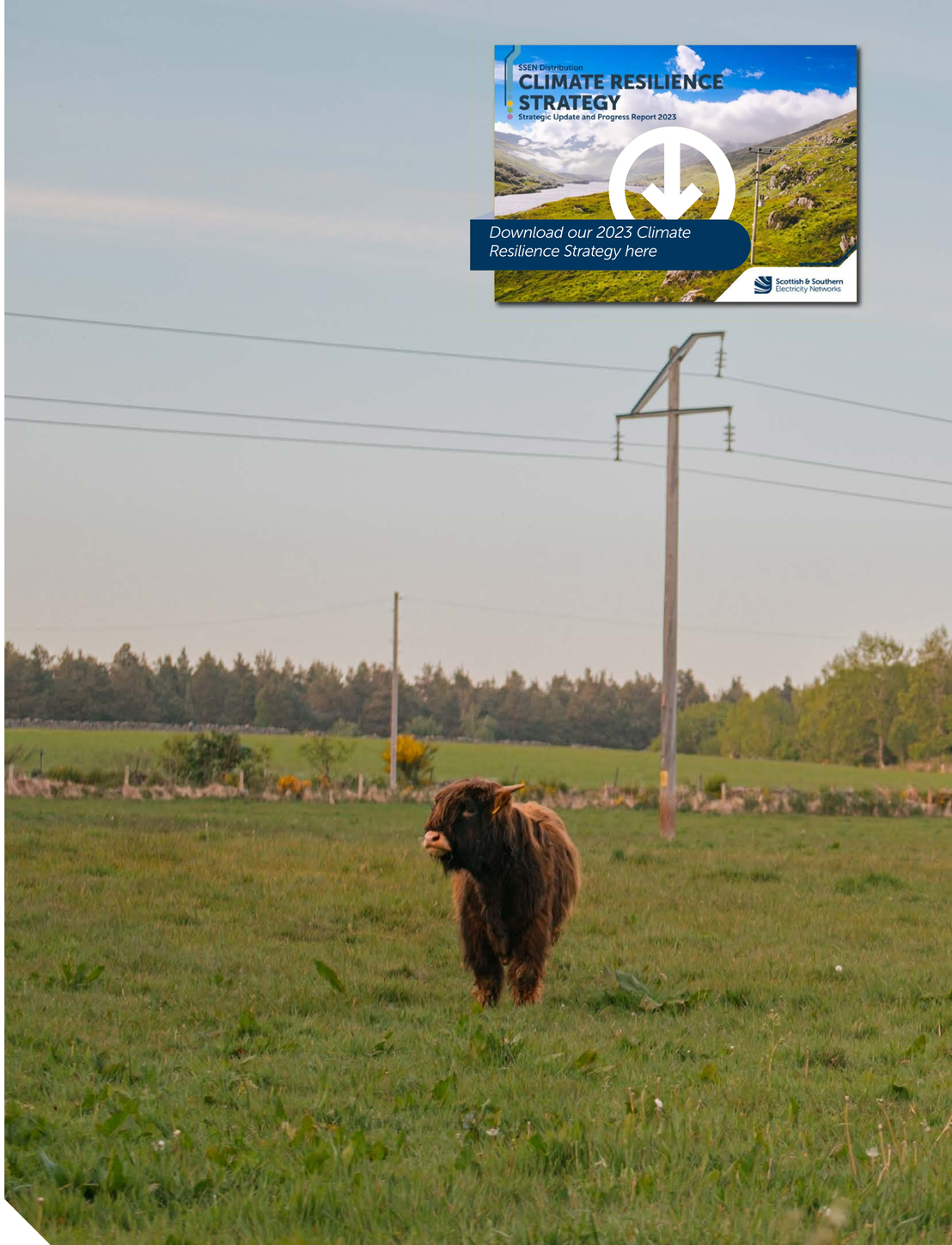
- Delivery of a more structured approach to adaptation, including development of regional climate risk assessments and adaptation plans informed by local risks and interdependencies.
- Progressing innovative adaptation approaches by securing continued funding for our Nature for Networks (N4N) project, to trial NbS use cases on our network.
- Advancing our short-term fault-forecasting analytical capabilities to improve operational insight of where inclement weather will affect our network and enable tactical response.
- Improving our understanding of network vulnerabilities to shape stress testing and ensure interventions and investment is focused where it delivers the greatest resilience benefit for customers.
- Enhancing resilience for our customers and communities through deployment of battery packs for our most vulnerable customers and £375,00 in funding for 37 projects to support communities during storms.
- Enabling coherent, system-wide climate resilience planning through active engagement with UK critical national infrastructure forums and academia e.g. Climate Ready Infrastructure Scotland Forum and the Infrastructure Operators Adaptation Forum.

Another key focus for us in 2025/26 has been on maturing our climate resilience approach to inform our ED3 Business Plan submission to Ofgem later this year, which will be in place from 2028-2033.

Our long-term vision is to build, operate and maintain a resilient network for a changing climate, being prepared for 2°C of warming by 2050 and consider 4°C of warming by 2100. For our ED3 Climate Resilience Strategy we're proposing to adopt a more proactive, data-led, regionally integrated, adaptive and system-wide resilience approach focused around five strategic goals:

- Continuity, transparency and capability.
- Effective stress-testing, measurement and forecasting.
- Improved resilience through adaptation.
- Improved asset resilience and design standards.
- Preparedness, planning and emergency response.

We'll set commitments against each of these strategic goals and drive a programme of targeted interventions to ensure our network remains reliable and resilient in a changing climate.



APPENDIX 2:

Progress update on our Sustainability Strategy for 2025/26

Progress update against each action of the Sustainability Strategy for the performance year 2025/26.



Sustainability Ambition		Topics	Progress to Date
1. RELIABLE NETWORK	**We will work collaboratively to build trust and ensure legitimacy in everything that we do, for the greater good of our local communities and GB.**	1.3 Building a climate-resilient decarbonised network for the future supply	We continue to make strong progress delivering our climate resilience strategy, transitioning to a more data-driven, regionally informed and forward-looking resilience approach. For further information refer to Appendix 1.
2. ENABLING NET ZERO	**We will support the global drive to net zero by committing to a climate science backed net zero goal, which is also considerate of wider societal impact.**	2.1 Whole System Approach to the energy transition	We've now published Strategic Development Plans (SDPs) for both our licence areas. SDPs have become a valuable tool for stakeholder engagement, enabling early input on future infrastructure needs such as substation land and wayleaves. We have agreed with Ofgem on a strategic plan to decarbonise the Inner Hebridean islands of Islay and Jura allowing us to remove reliance on the local diesel embedded power station. Our Distribution Network Options Assessment is being more greatly digitised enabling stakeholders to better understand and use its underlying data. The Local Energy Net Zero Accelerator (LENZA) has been used to help one local authority to develop GB's first digitised Local Area Energy Plan (LAEP). Digitisation has helped reduce both the cost and the timescale for this work and a second digitised LAEP is now underway with another local authority.
		2.2 Distribution Future Energy Scenarios (DFES)	In 2025 we accelerated our DFES process to enable its outputs to feed into the NESO's transitional Regional Energy Strategic Plans (t-RESP). T-RESP forecasts are now being used as the basis for our work proposals for the ED3 period and our longer-term energy plans.
		2.4 Decarbonisation of transport and heat	We supported the ENA in developing and testing improvements to the industry's Connect Direct platform, the tool for domestic retrofit Low-carbon technologies (LCTs) applications, enabling installers to benefit from several key features such as the ability to save draft applications, and the ability to amend applications at any point. We also updated the logic used within Connect Direct to be less conservative when assessing applications where the cutout is grey plastic, which raised the number of auto approvals to 50%.
		2.5 Future connections and Low Carbon Technology supply	We're transitioning to a programmatic approach to upgrading our LV networks, enabling easier connections for LCTs. Initial pilots with contractors are due to be delivered later this year, and the results will be used to inform future pilots and ultimately our enduring ways of working in ED3. We also launched a new Self-Serve tool to support customers who are seeking to check where they can connect, if this will likely trigger any upgrades, and what the costs will be. Thanks to the new system's capabilities, some initial estimates can now be generated in as little as two minutes. The tool was used by over 1,000 customers in the first few months, and customer feedback has been overwhelmingly positive, with 86% of those who responded to our survey praising its ease of use. In its first phase, the platform supported customers looking to connect up to four domestic properties. We've also been developing the ability for customers to use the platform to estimate the cost of moving a meter or apply for an increase in capacity to allow them to install an EV charger or heat pump at an existing property. In addition, the functionality for customers to check if they can connect microgeneration is expected to go live in 2026/27.

Sustainability Ambition		Topics	Progress to Date
2. ENABLING NET ZERO		2.6 Innovation for the net zero transition	In 2025/26 the Nature4Networks Strategic Innovation Fund (SIF) project was successful in securing Beta phase funding from Ofgem, bringing the total secured across the project to nearly £8m. The project investigates how NbS can be used as a credible, scalable intervention option as an alternative to 'grey engineering', to provide both network and societal benefits. Together with partners GHD Ltd, Frontier Economics, Great Yellow, Guidehouse and James Hutton Institute, the project has developed four use cases: 1. Use of linear woodland for OHL resilience and visual amenity. 2. Sustainable drainage systems for substation flood protection. 3. Use of bioswale as an alternative to concrete bunding for transformer oil capture. 4. Use of thorny planting for wooden pole protection. In Beta, the team will utilise the tools and techniques developed to demonstrate each of the four use cases over the five-year project lifetime. The project will continue to rely on stakeholder insights and collaboration from a wide range of subject matter experts across and outside of the industry, to assess the suitability of the NbS and how they can be better accommodated within our investment planning process. For further details visit - ssen-innovation.co.uk/sif/nature4networks-beta
3. CLIMATE ACTION	**We will ensure a net positive impact on environments we disrupt and commit to no further degradation to our local environments.**	3.1 ISO14001	Section 3 of AER.
		3.2 Reducing our business carbon footprint	Section 4 of AER.
		3.3 Reducing electricity Losses	Section 4.3.1 of AER.
		3.4 Efficiently manage Sulphur Hexafluoride (SF6)	Section 4.4 of AER.
		3.5 Reducing embodied carbon	Section 5 of AER.
		3.6 Sustainable supply chain	Section 6 of AER.
		3.7 Reducing resource consumption	Section 7 of AER.
		3.8 Enhancing biodiversity and natural capital	Section 11 of AER.
		3.9 Efficiently manage fluid-filled cables	Section 12 of AER.
		3.10 Minimising noise pollution	Section 9 of AER.
		3.11 Efficiently manage PCBs	Section 10 of AER.

Sustainability Ambition		Topics	Progress to Date
4. SERVING OUR CUSTOMERS	**Our five sustainability ambitions are at the heart of all our work and are essential to drive a net zero Just Transition for our customers.**	4.4 Support customers in a vulnerable situation	During 2025/26, our digital campaign focused on reaching customers in ways that felt trustworthy and accessible, using community-based voices and influencers aligned to their needs and circumstances. Communications were tailored to locations and groups in which there was a clear gap between eligibility and PSR uptake, including people with hearing loss, disabilities, and non-English speakers. Accessible, co-designed content helped increase awareness of Priority Services and improve access to support. We have issued 400,000 personalised power cut plans, developed in collaboration with subject matter experts and partner organisations including Kidney Care UK to ensure messaging is clear, appropriate and meaningful for different customer needs. These plans provide tailored guidance on Priority Services, offering relevant, easy-to-understand information and reassurance to help customers better prepare for and manage power cuts. We reached a major milestone in delivering home battery support, with 1,700 vulnerable and medically dependent customers accepting a free EcoFlow Delta 3 battery within the first two weeks of launch. These devices provide a critical backup power source during outages, helping customers maintain essential equipment, increasing resilience, and offering reassurance to those most at risk.
		4.5 Maintain strong and strategic partnerships	We continue to work with partners across both licence areas to support customers in fuel poverty, providing advice on energy efficiency, LCTs, and raising awareness of our Priority Services. This work includes a new partnership with Asthma + Lung UK: through their helpline, the charity raises awareness of Priority Services and signposts customers to support, helping those with respiratory conditions access tailored assistance during power cuts. During 2025/26, we also launched an industry-first partnership with Policy in Practice to proactively identify vulnerable households through routine benefit checks. By integrating PSR prompts into the Better Off Calculator, frontline advisors can recognise eligibility and offer registration in the same conversation-removing the need for customers to self-identify. This reduces barriers and is already helping us reach more customers with tailored support and protection during power cuts.
5. OUR PEOPLE	**We'll build a more inclusive and diverse workplace where people can thrive, be themselves, contribute to SSEN Distribution being a great place to work and make a positive impact on society.**	5.1 Investing in workforce resilience to ensure equality and fairness for all	In 2025/26, we launched a "Respect" campaign to reinforce the importance of psychological safety, inclusive behaviours and looking out for one another. Recognising that respectful and inclusive teams are fundamental to wellbeing, engagement and operational performance, the campaign encouraged colleagues to speak up, support one another and challenge non-inclusive behaviour. Building on colleague feedback, this work will continue in 2026/27 with a greater emphasis on fostering a culture where questions, concerns and respectful challenge are welcomed, to benefit all colleagues and customers alike.
		5.2 Enabling inclusive and accessible workplaces	Our disability representation increased from 4.5% (2020/21) to 16.6% (2025/26), exceeding SSE's updated ambition of 16% by 2030, with 35% of colleagues in this group identifying as neurodivergent. This progress is both reflective of inclusive recruitment practices, and the collaboration between the Inclusion and Diversity Working Group, EDI Collective and employee communities to increase awareness of disability and neurodiversity, share lived experiences and strengthened manager capability to support colleagues.

Table 14.1: Progress update on our Sustainability Strategy for 2025/26.

GLOSSARY

Business Carbon Footprint (BCF)

A measure of the total Greenhouse Gas Emissions (in tonnes of carbon dioxide equivalent, tCO_2e) resulting from operations on which the DNO has full authority to introduce and implement its operating policy, as well as contractors' emissions.

Consumer Value Proposition (CVP)

Consumer Value Proposition is stage 2 of the Business Plan Incentive, where a DNO can bid for reward by demonstrating the additional value its Business Plan will generate for existing and future consumers and consumers in vulnerable situations.

Designated area

Areas in which Visual Amenity Projects may be undertaken, according to the relevant definitions in CRC 3J (Allowed expenditure on Visual Amenity Projects).

Distribution Network Operator (DNO)

Any Electricity Distributor in whose electricity distribution licence the requirements of Section B of the standard conditions of that licence have effect (whether in whole or in part).

Distribution losses

Units lost while being transported through the licensee's distribution system, either as electricity turns to heat as it is transported through the network or non-technical losses, such as theft or measurement errors.

Distribution losses strategy

The DNO's strategy for designing, building, and operating its distribution system in a manner that can reasonably be expected to ensure that Distribution Losses are as low as reasonably practicable.

Environment Report

SpC 9.1 (Environment Reporting) sets out requirements for the licensee to publish an annual Environmental Report about activities that it has undertaken in relation to environmental matters.

Flood Defences

Existing or proposed physical measures to limit or eliminate the risk of flood damage to a substation or operational asset.

Fluid-filled cables

Pressurised fluid-filled underground cables - high voltage cables in which the insulating medium is liquid oil as opposed to a solid insulator such as oil-impregnated paper or PVC.

Fluid recovered

Fluid associated with pressurised fluid-filled underground cables that has leaked from a cable and is subsequently recovered and includes:

- Fluid captured in a container whilst jointing works are being undertaken.
- Spoil removed from site because it has become saturated with fluid during a cable leak.

In order to avoid double counting, the volume of fluid used to top up a cable to prevent pressure reaching the Pressure emergency (PE) level prior to jointing or repair should be excluded.

Fluid used to top up cables

Fluid pumped into pressurised fluid-filled underground cables, and includes fluid used to:

- Bring a circuit back up to the appropriate pressure from a lower pressure level.
- Sustain a circuit fluid pressure from reaching Pressure emergency level prior to jointing or repair of a leak.

Fugitive emissions

Emissions that are not physically controlled but result from the intentional or unintentional releases of greenhouse gases. They commonly arise from the production, processing transmission storage and use of fuels and other chemicals, often through joints, seals, packing, gaskets etc.

Greenhouse Gas (GHG) Emission

The release of greenhouse gases into the atmosphere, including carbon emissions. Within the BCF, greenhouse gas emissions, e.g., SF_6, are calculated as equivalent carbon dioxide emissions.

GWh

Gigawatt hours (1,000,000,000 watt hours).

Interruption

The loss of supply of electricity to one or more customers due to an incident. This excludes voltage quality and frequency abnormalities, such as dips, spikes or harmonics.

Intervention

A deliberate action taken by a DNO to physically alter the health or capacity of the distribution network.

Low Carbon Technologies (LCT)

LCT is the collective term for technologies that are being introduced to the market with the aim of reducing carbon emissions through the more efficient use of energy, the storage of energy in a flexible way or a move from another energy vector such as oil to electricity. Examples include:

- Heat pumps.
- Electric vehicles.
- Domestic batteries.

MWh

Megawatt hours (1,000,000 Watt hours).

The activity of investigating reports of noise pollution, and consequential remedial works (if necessary). In this context, noise pollution is defined as levels of noise associated with the normal operational characteristics of electrical distribution assets that may be deemed to be a nuisance and subject to Part III of the Environmental Protection Act 1990 (EPA).

Non-technical losses

Electricity units lost for reasons such as theft and measurement inaccuracy.

Oil leakage

The discharging of insulating oil into the environment because of DNO's equipment and activities.

OHL (Overhead Lines)

Any electric line which is placed above ground and in the open air. This excludes that part of an underground cable running above ground for the purpose of termination with overhead lines.

RIIO-ED2 Business Plan

For SHEPD and SEPD, the document submitted to Ofgem and published by the licensee in December 2021. This business plan covers the period 1st April 2023 to 31st March 2028.

SF_6

The chemical symbol for sulphur hexafluoride, a gas that is used as both an insulating and arc-extinction medium in electrical plant. The reporting requirement is in respect of fugitive BCF emissions attributed to SF_6 lost from electrical plant.

SF_6 bank

The total mass (in kg) of sulphur hexafluoride held by the DNO for both assets installed on the network and those held in inventory. Each DNO's SF_6 bank should be calculated according to the methods set out in ENA Engineering Recommendation S38.

SF_6 emitted

The total mass (in kg) of sulphur hexafluoride emitted during asset installation (only if gassed by the DNO), service life and decommissioning. Service life emissions include those due to leakage (measured through top-ups); those measured during service activity requiring gassing and degassing; and those due to equipment failure resulting in the loss of all gas contained by the asset. The SF_6 emitted value should account for gas recovered.

Each DNO's SF_6 emitted should be calculated according to the methods set out in ENA Engineering Recommendation S38. DNOs should not assume a percentage leakage rate to determine any element of SF_6 emitted and if a DNO does not have measured records of SF_6 emitted, this should be highlighted in the accompanying commentary.

Tagging

Tagging is the process where the worst-performing cables are targeted and injected with radioactive isotopes, which helps to identify leaks, monitor the cables and track their performance over time.

tCO_2e

Carbon dioxide (CO_2) equivalent, measured in tonnes. This is a measure for describing how much global warming a given type and amount of greenhouse gas may cause, using the functionally equivalent amount or concentration of carbon dioxide (CO_2) as the reference.

Technical losses

Electricity units lost owing to the physical properties of the network. This also includes the way the network is configured and operated.

Undergrounding

The process of replacing overhead power cables with buried electricity distribution cables.



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