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Second Party Opinion

SSE PLC Sustainability Financing Framework

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Location: United Kingdom **Sector:** Utility networks

Alignment Summary

Aligned = ✓ Conceptually aligned = o Not aligned = ×

- ✓ Green Bond Principles, ICMA, 2025
- ✓ Green Loan Principles, LMA/LSTA/APLMA, 2025
- ✓ Sustainability-Linked Bond Principles, ICMA, 2024
- ✓ Sustainability-Linked Loan Principles, LMA/LSTA/APLMA, 2025

See Alignment Assessment for more detail.

Strengths

SSE has ambitious decarbonization targets for 2031, consistent with its goal of achieving net zero emissions by 2050. The company plans to achieve net zero emissions across scope 1 and 2 by 2040, and for remaining scope 3 emissions, by 2050 at the latest. SSE's long-term net zero ambitions are supported by a series of interim carbon targets approved by the Science Based Targets Initiative (SBTi). These targets are aligned with the Paris Agreement on climate change and a 1.5 degrees Celsius (1.5C) pathway.

SSE's strategic plan until 2027 foresees 90% of investments directed toward renewables, electricity networks, and system flexibility. The company plans to invest £20.5 billion to support its transition from gas-fired assets to renewables and low-carbon technologies, as part of its Net Zero Transition Plan.

Weaknesses

No weaknesses to report.

Areas to watch

SSE may issue various types of sustainability-linked debt, including commercial paper (CP) and revolving credit facilities (RCFs) under this framework. Reporting on these debt types may be challenging, due to the short tenor of these instruments. That said, SSE commits to meeting all reporting commitments annually for all instruments issued under the framework until they mature. SSE confirms the financial incentive or penalty on these instruments, linked to the achievement of key performance indicators (KPIs) and sustainability performance targets (SPTs), will be material relative to the standard financial terms.

Issuance proceeds may finance equity investments in other companies, including minority stakes. This could limit SSE's ability to track the associated environmental impacts and control investee companies' activities. SSE has confirmed that it will exclude companies that do not meet the eligibility criteria under the framework. If SSE does not have a majority stake, it will find other means to have an influence, such as ongoing engagement and periodic monitoring.

Shades of Green Projects Assessment Summary

Based on the project categories Shades of Green detailed below, the expected allocation of proceeds, and consideration of environmental ambitions reflected, we assess SSE's Sustainability Financing Framework as Dark green.

Renewable energy	**Dark green**
Electricity generation facilities that produce electricity from renewable sources. This includes wind (onshore and offshore).	

Electricity networks	**Dark green**
Transmission network infrastructure that facilitates the transition to lower-carbon electricity systems.	

See Analysis Of Eligible Projects for more detail.

Relevance And Ambition Analysis Summary

		Relevance	Ambition
SPT/KPI 1	Reduce the carbon intensity of electricity generated by 80% by March 2031, compared to 2018 levels, to 61 grams of carbon dioxide equivalent per kilowatt hour (gCO2e/kWh).	Highly relevant	Highly ambitious
SPT/KPI 2	Enable the connection at least 20 gigawatts (GW) of renewable generation capacity within SSEN Transmission's network area by 2031.	Highly relevant	Highly ambitious
SPT/KPI 3	Percentage of women in leadership groups to be increased to 40% by March 2031.	Relevant	Highly ambitious

SPT--Sustainability performance target. KPI--Key performance indicator. See Relevance And Ambition Analysis for more detail.

EU Taxonomy Assessment Summary

Under its sustainability financing framework, SSE aims to refinance capital expenditure (capex) associated with the construction and/or operation of infrastructure to support renewable energy generation (activity 4.3 - Electricity generation from wind power) in the U.K. and Ireland, but also potentially in other locations in Southern Europe. Additionally, SSE will use funds to refinance capex associated with the construction and operation of infrastructure for the transmission of renewable electricity in the north of Scotland (activity 4.9. Transmission and distribution of electricity).

We believe the framework aligns with the EU Taxonomy's TSC for a substantial contribution to the climate change mitigation objective and with the do no significant harm (DNSH) Criteria. We also consider that, in implementing projects, the company has processes and policies that align with the four components of the minimum safeguards of the Taxonomy.

	Technical screening criteria (TSC)			
Economic activity	**Substantial contribution**	**Do no significant harm**	**Minimum safeguards (Issuer level)**	**Overall alignment**
4.3. Electricity generation from wind power - NACE code: D35.11, F42.22	✓	✓	✓	✓
4.9. Transmission and distribution of electricity - NACE code: D35.12, D35.13	✓	✓		✓

Aligned = ✓ Not aligned = ✗ —

See EU Taxonomy Assessment for more detail.

Issuer Sustainability Context

This section provides an analysis of the issuer's sustainability management and the embeddedness of the financing framework within its overall strategy.

Company Description

Headquartered in Perth, U.K., SSE is a FTSE 100 U.K.-listed energy company with operations and investments across the U.K. and Ireland. SSE was incorporated in 1989. Through SSE Renewables and SSE thermal subsidiaries, it develops, builds, operates, and invests in low-carbon electricity infrastructure, including onshore and offshore wind, hydro power, and flexible thermal generation.

Through its subsidiaries SSEN Transmission and SSEN Distribution, SSE owns and operates electricity transmission and distribution networks, alongside providing energy products and services to over 3.9 million homes and businesses across central southern England and the north of Scotland.

As of March 31, 2025, SSE had total installed capacity of 11.25GW (thermal: 6.3GW; renewables: 4.9GW) and total generation output of 28.03 gigawatt hours (GWh; thermal: 17.8GWh; renewables: 10,2GWh). The contribution from the energy division accounted for about 63% of reported EBITDA in fiscal year 2024. SSE confirms that eligible issuers under the sustainability financing framework are SSE PLC and Scottish Hydro Electric Transmission PLC.

Material Sustainability Factors

Climate transition risks

Power generation is the largest direct source of global greenhouse gas emissions, putting the sector under increasing pressure to accelerate decarbonization. Renewables are essential to cutting emissions from electricity and heat, especially to meet the Paris Agreement's 1.5 C target. Natural gas currently accounts for about 25% of global electricity, according to the International Energy Agency (IEA), and although it has replaced coal in some areas, its long-term role is uncertain as renewables expand. Without carbon capture, emission reductions from gas rely on efficiency or fuel switching, with options like green hydrogen still largely uncompetitive. Electricity networks also face transition risks, given their exposure to upstream generation and their central role in energy delivery. In the U.K., net-zero targets by 2050 are pushing network operators to fast-track renewable integration and electrification of transport and heating.

Physical climate risks

Given their fixed assets, electricity generation companies and utility networks are particularly exposed to physical climate risks. More frequent and severe weather events--such as wildfires, hurricanes, and storms--can lead to widespread outages and financial losses, both from repair costs and extreme power price spikes or business interruption claims. These risks vary by region depending on regulatory responses. Networks with large service areas face higher exposure to such events, which can increase stakeholder scrutiny, operating costs, and leverage. In the U.K., key risks include flooding, storms, and extreme heat, all of which can affect the power grid's reliability and increase the need for investments in resilience and maintenance.

Biodiversity and resource use

Alongside climate risk, biodiversity loss is a major global challenge. Renewable energy projects and transmission networks can significantly affect ecosystems through land use, habitat disruption, and species displacement. Networks may fragment landscapes across large areas, while renewables--especially offshore wind--can disturb sensitive marine and terrestrial habitats,

introduce invasive species, or generate noise and electromagnetic interference. Careful siting and robust biodiversity safeguards, including environmental impact assessments, are essential to limit these effects and protect ecosystem services.

Social considerations

Energy networks have important social implications, due to their physical presence and their role in delivering affordable, reliable energy. Infrastructure development can affect communities--particularly in rural or underdeveloped areas--raising concerns about land use, safety, and environmental impacts. At the same time, these networks are essential for public health and economic stability. Although climate risks and the energy transition may challenge affordability and reliability, long-term planning, regulation, and support programs help mitigate the impact on households and communities.

Issuer And Context Analysis

The eligible project categories address climate-transition and physical climate risks, which are the most important material sustainability factors for SSE. The company's transmission and distribution of electricity, and renewable projects are aligned with the U.K.'s carbon-neutrality goals. The investments target development of the grid and power generation operations, reflecting the company's focus on exposure to climate and biodiversity risks, land use impacts, and effects on local communities. SSE has robust procedures for managing its exposure to physical climate and environmental risks that could affect biodiversity and local communities.

SSE is transitioning from gas-fired assets to renewables and low-carbon technologies but still retains some gas exposure. SSE's transitioning is anchored in its £20.5 billion Net Zero Acceleration Programme Plus (NZAP Plus), which runs through fiscal year 2027, with approximately 90% of investments directed toward renewables, electricity networks, and system flexibility. This supports its SBTi-based targets, which are aligned with the Paris Agreement and aim to achieve net zero scope 1 and 2 emissions by 2040, and scope 3 by 2050. The targets include a 72.5% absolute reduction in scope 1 and 2 emissions between 2017 and 2030. SSE's climate strategy combines limiting the use of gas-fired plants, closing them when they are no longer needed, and investing in new low-carbon infrastructure, such as hydrogen-ready or carbon-capture-equipped power stations. It is also advancing solutions such as pumped hydro storage, hydrogen, and sustainable biofuels, with emerging technologies depending on their potential scalability and supporting regulatory frameworks.

The company's operations are exposed to physical climate risks, primarily from adverse weather events, such as increasingly severe storms that can damage assets and interrupt energy supply or generation. To assess these, SSE employs a specialist climate assessment that's aligned with the Task Force on Climate-related Financial Disclosures (TCFD) and covers short-term (to 2030), medium-term (to 2050), and long-term (to 2080) horizons. This assessment encompasses business unit risk and stress-testing severe but plausible scenarios against financial headroom. SSE implements robust business continuity plans, and uses digital network modelling tools for enhanced scenario planning and investment decisions, to achieve system reliability and security of supply.

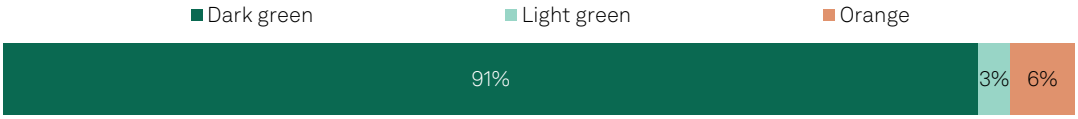
SSE's activities, particularly large infrastructure development, are exposed to biodiversity and land use risks, which it addresses through the implementation of protection measures. The company uses its Biodiversity Net Gain (BNG) methodology, which aims to leave the natural environment in a measurably better state than before project development. It applies groupwide targets of "no net loss" from 2023 and BNG from 2025 on newly consented onshore projects. The company quantifies BNG using proprietary toolkits, assessing site biodiversity value based on habitat type, condition, and area. Specific actions include investing in innovation and research like peatland restoration and puffin monitoring.

The company's operations pose risks to local communities primarily through land use and construction of large infrastructure projects. To mitigate these impacts, SSE engages in dialogue with communities using dedicated liaison teams for long-term engagement. SSE has a "Just Transition" strategy that entails investing £12.2 million in communities in 2023-2024 and

launching a fund of more than £100 million in September 2024, guided by principles of cocreation and transparency. Regarding accessibility and affordability, particularly for networks, SSEN Transmission's digital strategy is key. This includes an open data portal for transparent data access, customer portals for streamlined interactions, and a "Recite Me" assistive toolbar for digital inclusion. These digital initiatives enhance network modelling, leading to optimal investment decisions and significant cost reductions (estimated at £30 billion-£70 billion industrywide by Ofgem by 2050), thereby improving affordability and timely network connections for customers.

Investments

Shades of Green distribution (%)



Source: S&P Global Ratings.

Investment plan summary

The vast majority of SSE's capex for the 12 months ended March 31, 2025, went to transmission and distribution assets, and wind projects, with a small proportion for fossil fuel-powered power generation. We assigned a Shade of Green to approximately 94% of SSE's capex: 91% is Dark green, reflecting investments in renewable energy (onshore and offshore wind) and electricity transmission and distribution infrastructure; 3% is Light green, supporting enabling technologies such as trading platforms and energy efficiency services. We assign an Orange shade to 6% of the capex, which is linked to gas-fired power generation assets and related market infrastructure.

Distribution assets that we consider Dark green, energy solutions and efficiency improvements that we consider Light green, and fossil-fuel-based electricity generation, which has an Orange shade, are not included within the use of proceeds under this financing framework.

Dark green

The expansion and reinforcement of electricity infrastructure in the U.K., including large transmission and distribution upgrades as well as renewable energy development. In the 12 months ended March 31, 2025, SSEN Transmission and SSEN Distribution delivered £953.5 million and £635.8 million respectively of net capex (55% of total capex), in the reinforcement, digitalization, and extension of its electricity networks across the U.K. These projects are designed to accommodate growing electricity demand and enable the connection of renewable generation assets. The company is supporting the delivery of the U.K., Ireland, and Scotland's net-zero targets by enhancing network capacity in areas with high renewable generation potential. SSE Renewables contributed £1,001.8 million (35% of total capex), advancing projects such as the Viking onshore wind farm and the Yellow River windfarm, which is approaching completion. Additional Dark green investments include £0.7 million in gas storage for hydrogen critical in enabling the energy transition, supporting renewable integration, and strengthening electricity networks, in line with the U.K. government's Clean Power 2030 Action Plan.

Light green

Activities that enable low-carbon technologies and improve energy efficiency. These include SSE Energy Markets' minor capex of £8.7 million to facilitate market platforms that optimize renewable energy sales, as well as £80 million invested in GB Business Energy to provide energy solutions and efficiency improvements for commercial clients. These investments promote decarbonization through enhanced energy management and customer engagement, supporting the overall transition to a low-carbon economy.

Orange

Investments in fossil fuel-based electricity generation and related market operations, which currently have a high carbon footprint and face transition risks. SSE Thermal has invested £183.1 million of capex for maintenance and efficiency improvements at fossil-gas-fueled power plants, including emission-reduction technologies. SSE continues to run its most efficient thermal assets during periods of high demand, but is transitioning all sites toward decarbonized operations via low-carbon technologies such as hydrogen or carbon capture and storage retrofits.

Alignment Assessment

This section provides an analysis of the framework's alignment to Green Bond, Green Loan, and Sustainability-Linked Bond, and Sustainability-Linked Loan Principles.

Alignment Summary

Aligned = ✓ Conceptually aligned = o Not aligned = ×

- ✓ Green Bond Principles, ICMA, 2025
- ✓ Green Loan Principles, LMA/LSTA/APLMA, 2025
- ✓ Sustainability-Linked Bond Principles, ICMA, 2024
- ✓ Sustainability-Linked Loan Principles, LMA/LSTA/APLMA, 2025

✓ Use of proceeds

We assess the framework's green project category as having a green shade, and SSE commits to allocating the net proceeds exclusively to eligible green projects. The company uses the EU Taxonomy's climate mitigation substantial contribution criteria for its activities, which helps it assess the eligibility of its assets. (Please see the Analysis Of Eligible Projects section for our analysis of the environmental benefits of the proceeds.)

SSE and its subsidiary Scottish Hydro Electric Transmission PLC can issue a variety of green financing instruments under the framework, including bonds and loans. The proceeds of green instruments will be used to refinance eligible projects, and SSE commits to disclosing the proportion of proceeds used for each. Eligible green projects include capex for assets and operating expenditure with a three-year look-back period, in line with market practices.

SSE may allocate proceeds to companies and joint ventures that generate at least 90% of revenue from environmentally sustainable activities. This may include minority stakes, which could limit SSE's ability to control investees' activities and ensure they remain environmentally sustainable. In such cases, SSE has ongoing engagement with management, followed by periodic monitoring of performance, to ensure investee companies continue to meet the sustainable activities threshold throughout the financing period. It also seeks information rights or representation where feasible. SSE has confirmed it will exclude companies that do not meet the framework's eligibility criteria. Additionally, the proceeds may be allocated to special-purpose vehicles (SPVs) in which case SSE conducts due diligence and constant monitoring of the SPV's business performance to ensure the activities align with the framework's criteria. Furthermore, SSE confirms that the remaining proceeds (10% or lower) will not go to activities related to fossil-fuel-based power generation or other carbon-intensive operations.

✓ Process for project evaluation and selection

To facilitate the project evaluation and selection process, SSE has a dedicated tax and treasury committee, led by the finance director, which includes members from key departments of corporate finance, group treasury, and tax. The committee, which meets annually, is responsible for selecting, reviewing, and evaluating existing projects completed during the last three years and approving eligible projects. The primary criteria for project eligibility stipulate that projects must have a positive environmental impact, support SSE's emission-reduction efforts, and align with Sustainable Development Goal 13. Furthermore, the projects' perceived environmental and social risks are assessed through SSE's internal sustainability and environmental policies. Additionally, SSE has established a governance framework for large capital projects of more than £40 million, to ensure that investments are developed and executed with careful consideration of environmental and social risks.

✓ Management of proceeds

SSE will use an internal tracking system to track and monitor the allocation of proceeds issued under the green framework. Furthermore, it will ensure that the value of the green asset portfolio exceeds the value of outstanding green bonds in the ratio of 1.2:1. If a financed project ceases to fulfill the eligibility criteria, SSE will remove it from the framework's purview and replace it with another eligible project. Proceeds that are not yet allocated will be invested in deposits within SSE's banking group or in liquid money market funds, with those deposits specifically monitored by the tax and treasury committee. For any green loans falling under the scope of the framework, SSE seeks to align with the 2025 update of the Green Loan Principles. With respect to these Principles' additional requirements, we understand SSE will not issue an instrument that includes non-green tranches. SSE will also engage with an external auditor to verify the internal tracking method, which we view as positive.

✓ Reporting

SSE commits to reporting annually on the proceeds' allocation and impact until full allocation of proceeds or, in case of material changes, until the relevant maturity date. Allocation reporting will include the total amount of instruments outstanding, proceeds allocated to eligible projects by category, geographical region, distribution between new financing and refinancing, and the amount of unallocated proceeds. SSE also commits to providing a high-level description of its key financed projects and also disclose the proportion of EU Taxonomy-aligned eligible green projects within its allocation reporting. The impact report, which will be published annually on SSE's website, will include environmental metrics, such as estimates of avoided greenhouse gas emissions, expected electricity capacity and output, and electricity flows from transmission investments. Where possible, SSE will measure the impacts, or in other cases, estimate them.

Additionally, the allocation and impact report will have information corresponding to the eligible green projects financed by subsidiaries. The allocation report will be externally verified. We note SSE may issue various types of sustainability-linked debt, including CP and RCFs under this framework. Reporting on these instruments may be challenging due to their short tenor. SSE commits to meeting all reporting commitments annually (until maturity) for any instrument issued under the framework.

Sustainability-Linked Alignment

✓ Selection of key performance indicators (KPIs)

We view the KPIs as aligned with the Principles because their scope, objective, and calculation are clearly articulated in the framework. Furthermore, all three KPIs address relevant sustainability challenges for the utility networks industry.

For more information, see KPIs in Relevance And Ambition Analysis. KPI--Key performance indicator.

✓ Calibration of sustainability performance targets (SPTs)

The framework outlines the expected observation dates, relevant triggers events, and frequency of all SPTs. We view them as aligned with the principles because they represent meaningful improvement against the KPIs, beyond business as usual. Additionally, the issuer provides a comprehensive and relevant strategy to achieve the targets.

For more information, see SPTs in Relevance And Ambition Analysis.

✓ Instrument characteristics

The framework states that SSE and its subsidiary Scottish Hydro Electric Transmission PLC can issue sustainability-linked finance instruments, which may include bonds, loans, CP, and RCFs.

Instruments issued under the framework will be subject to changes in the financial and structural characteristics triggered by failure to achieve the stated SPTs by the target observation date. Variations can include a margin adjustment, coupon step-up, or premium payment. Only one financial or structural adjustment will be applied over the life of a given transaction, unless otherwise stated in the legal documentation, and the ultimate characteristics will be specified in the relevant transaction documentations.

SSE confirms the financial incentive or penalty of these instruments linked to the achievement of the KPIs and SPTs will be material relative to the standard financial terms, including for CP and RCFs. For any loan transactions, SSE commits to setting annual SPTs in alignment with the LMA Sustainability-Linked Loan Principles. The framework also includes a fall-back mechanism by which an instrument's financial characteristics will change if the issuer fails to comply with the relevant reporting and verification obligations in the framework.

✓ Reporting

SSE commits to disclosing selected KPIs and SPTs annually on its investor website until each SPT is met or the related instrument reaches maturity. These disclosures will include performance data for each KPI, such as relevant baselines, methodologies, and a statement on whether the associated SPT has been achieved, a verification assurance statement by the independent auditor, and any recalculations or restatements of KPIs, SPTs, or baselines, along with the specific rationale. The issuer commits to updating lenders on the performance of the KPIs against SPTs at least once a year.

✓ Post-issuance review

SSE will obtain independent third-party verification of performance against each SPT, conducted annually and on each target observation date by a qualified assurance provider. A verification assurance certificate confirming whether each SPT has been met will be published on SSE's website, either within the company's annual Sustainability-Linked Progress Report or as a stand-alone document.

Where relevant, the verifier may assess any baseline or target recalculations and confirm the ongoing ambition of revised metrics. Failure to provide verification within the expected timeframe may trigger financial or structural adjustments, as outlined in the transaction documentation

Relevance And Ambition Analysis

This section provides an analysis of whether the financing's KPIs and SPTs are consistent with its progress towards a sustainable future.

KPI 1	Scope 1 greenhouse gas intensity of electricity generated
SPT 1	Reduce the carbon intensity of electricity generated by 80% by March 2031, compared to March 2018 levels, to 61gCO2e/kWh

KPI 1 – Relevance

Not aligned	Relevant	Highly relevant

Analytical considerations

- We view the selected KPI as highly relevant, since it addresses climate transition risk, one of the most material sustainability challenges faced by SSE and the energy sector. It covers the most material direct scope 1 emissions from SSE's operations and is directly linked to the company's sustainability strategy to achieve net-zero scope 1 and 2 emissions by 2040. In addition, the scope, objective, and calculation methodology are clearly articulated in the framework.
- This KPI covers about 51% of the company's total carbon footprint for fiscal year 2024-2025, representing the largest portion of SSE's total carbon footprint. SSE's generation portfolio includes both thermal assets (coal, oil, gas, biomass, and multifuel) and renewable sources (onshore and offshore wind, solar, hydro, and pumped storage), with a strong reliance on thermal energy due to the variability of renewables. This reliance results in high emissions, both directly from power generation and indirectly from the end use of natural gas sold by SSE. Additionally, the company has begun operating a waste-to-energy facility, which is also highly carbon intensive.
- The KPI covers all the group's assets and locations where it has operational control. SSE calculates its scope 1 greenhouse gas emissions in accordance with the Greenhouse Gas Protocol and also follows reporting standards, including the U.K. government's Environmental Reporting Guidelines and ISO 14064-1:2018. The KPI is calculated by dividing SSE's total scope 1 CO2-equivalent emissions by the total electricity generated during the year (in kWh).
- Electricity generation is the largest source of SSE's direct climate impact and the KPI directly addresses climate transition risks, facilitating decarbonization of its generation segment. Scope 1 greenhouse gas emissions intensity is classified as core in the International Capital Market Association (ICMA)'s KPI registry for the energy sector. The reduction in scope 1 emissions intensity from electricity generation is consistent with SSE's sustainability strategy, which focuses on expanding its renewable installed capacity, investing in low-carbon technologies, and phasing out high-emission assets.
- The KPI is expressed in intensity, not absolute, terms. Intensity-based metrics can assess improvements in emissions efficiency, enhancing the comparability of KPIs regardless of a company's size. Measuring emissions efficiency gains is particularly relevant for improving high-emission processes that dominate the power industry. That said, we note the company could achieve its SPTs and still increase its absolute emissions. Nevertheless, SSE is also committed to reducing its absolute scope 1, 2, and 3 greenhouse gas emissions. It has set

SBTi-verified science-based targets aligned with a 1.5C climate scenario to reduce absolute scope 1 and 2 emissions by 72.5% by 2030 and scope 3 emissions from the use of products sold by 50% by 2034, which in our view further strengthens SSE's decarbonization efforts.

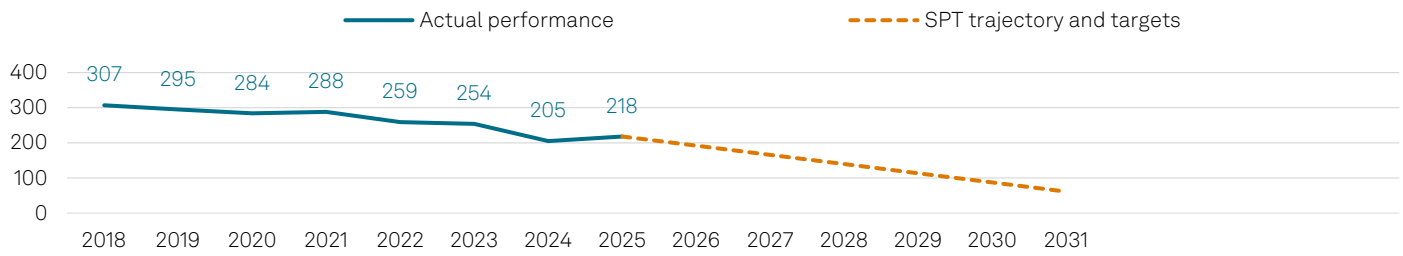
SPT 1 - Ambition

Not aligned	Ambitious	Highly ambitious

Analytical considerations

- Overall, we consider SPT 1 highly ambitious. We see this target as consistent with SSE's overall strategic sustainability and business strategy. The target has been validated by the SBTi as aligned with the 1.5C scenario, which demonstrates its ambitiousness, and requires faster reduction than achieved in the past. Furthermore, the framework clearly outlines the strategy to achieve the target, providing relevant information on past and expected performance, and reports external factors beyond its control that could hinder its ability to meet the SPT.
- SSE intends to reduce the carbon intensity of electricity it generates by 80% by 2030-2031 to 61 gCO2e/kWh against the 2018 baseline. The company had already achieved a 29% reduction by 2024-2025 (approximately an annualized 5%) compared to the base year. To achieve the SPT, SSE will need to reduce in-scope emissions by an additional 51.1% by 2030-2031, which represents meaningful progress against the KPI. We understand this will require significantly faster reduction than in the past (about 18% per year until 2030-2031).
- For fiscal year 2024-2025 SSE's scope 1 intensity of greenhouse gas emissions from electricity generated was 218gCO2e/kWh, showing a 29% reduction from 307gCO2e/KWh in the 2018 base year. However, compared to 2023-2024, the intensity had increased by 6% to 205gCO2e/kWh, which was attributed to higher demand from thermal assets due to a decrease in clean energy supply. Positively, the historical performance, including the baseline, are externally verified and publicly available.
- The framework provides information on SSE's strategy to achieve the SPT, which includes measures like expanding its installed renewable energy generation capacity to 7GW by 2027 from the current 5GW. Additionally, SSE is investing in low-carbon technologies like carbon capture, hydrogen, and pumped storage for system balancing, while optimizing operations. Some of these solutions are yet to become economically viable and hence are unlikely to contribute significantly to the achievement of the target. Yet, SSE intends to gradually reduce high-carbon energy production, which includes reducing output and ultimately phasing out unabated gas facilities. We would see as best practice a commitment to retire unabated gas facilities before their end of life; the company has not made any commitments in this regard.
- SSE identifies key risks beyond its control that could impair its ability to meet the target, namely weather variability, renewable energy output, and policies and regulations regarding infrastructure and grid connections. SSE also describes situations where recalculations or pro forma adjustments of baselines are bound to take place.

SPT 1 performance and trajectory (gCO2e/KWh)



Source: S&P Global Ratings.

KPI 2 Renewable generation connected in SSEN Transmission's network area

SPT 2 Enable the connection of at least 20GW of renewable generation capacity within SSEN Transmission's network area by March 2031.

KPI 2 – Relevance

Not aligned | Relevant | **Highly relevant**

Analytical considerations

- We view the selected KPI as highly relevant. It addresses climate change mitigation, which is one of the most material and pressing sustainability issues that utility networks face. We also view it as key in decarbonizing SSEN Transmission's business and hence directly linked to SSE's plan to reduce net emissions across its value chain to zero by 2050.
- The framework defines the KPI as "Renewable generation capacity connected within SSEN Transmission network area, measured in GW". It includes pumped storage and battery energy storage system capacity, and is measured on a cumulative basis, at the end of each financial year (on March 31).
- This KPI is closely linked to SSEN Transmission's sustainability and business strategy and operations, since it plans to invest over £22 billion to upgrade its network during the five years to 2031, supporting the connection of an additional 11GW of renewable electricity generation capacity to the network.
- This KPI is key in tracking the company's commitment and contribution to enabling a cleaner, and more sustainable energy system. It represents a credible expression of SSE's commitment to providing the network with the capacity needed to achieve net zero emissions by 2050. We note that enabling renewable connections does not guarantee emissions reductions unless accompanied by actual reduced use and displacement of fossil fuels.
- In this regard, according to the Future Energy Scenarios (FES) of 2024, which are published annually by the National Energy System Operator (NESO) in the U.K. and guided by the national energy regulator, fossil fuels made up about 79% of total national energy supply in 2023. All three listed net zero scenarios under FES require reliance on fossil fuels to be significantly reduced by 2050 for the U.K. to meet its net zero and Clean Power 2030 ambitions.

- Additionally, increasing renewable connections to the grid can decrease reliance on gas and thermal assets, leading to lower scope 1 and scope 3 (Cat 11 – Gas Sold) greenhouse gas emissions, which together represent 70% of SSE's overall carbon footprint.
- The KPI is measurable on a consistent methodological basis and can be benchmarked to external references or definitions. While this data is not subject to external assurance, it is reported on an annual basis to the energy regulator, Ofgem.

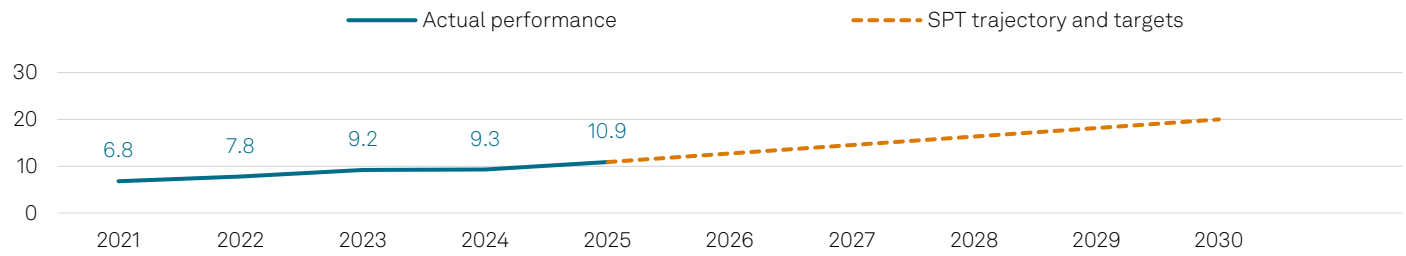
SPT 2 - Ambition

Not aligned	Ambitious	Highly ambitious

Analytical considerations

- Overall, we consider SPT 2 to be highly ambitious. We see this target as consistent with SSE's overall strategic sustainability and business strategy and consider the progress required to meet the target by 2030 as aligned with the Principles. Furthermore, the framework clearly outlines the strategy to achieve the target, providing relevant information on past and expected performance, and SSE reports external factors beyond its control that could hinder its ability to meet the SPT.
- SSE's target is to enable the connection of at least 20GW of renewable generation capacity within SSEN Transmission's network area, covering the north of Scotland, including Shetland, by 2031. As per the information provided in the framework, in 2025 the company has reached 10.9GW, after increasing capacity by about 1GW per year since 2021. To achieve its target, it plans to invest over £22 billion to upgrade its network during the five years to 2031, which will support the connection of an additional 11GW of renewable electricity generation capacity to the network (about 1.82GW expected to be added per year on average demonstrating a faster improvement than previously achieved).
- SSE's ambition is informed by the Future Energy Scenarios (FES). The company has compared the selected SPT against the Holistic Transition Pathway, which is the most ambitious of the three FES decarbonization scenarios. Delivery depends on rapid growth in renewable deployment, particularly offshore and onshore wind, supported by major transmission reinforcement and grid connections in Scotland, precisely the focus of SSEN Transmission.
- The Holistic Transition Pathway foresees a 15% increase in renewable energy capacity year on year in Scotland, which is consistent with the planned rate of growth in renewable energy capacity connected to SSEN Transmission's network under the selected SPT (about a 13% increase year on year). Additionally, the issuer states that its selected SPT represents a substantial share of the national requirement and hence has a significant role to play in enabling the U.K.'s net zero and Clean Power 2030 ambitions.
- The framework provides information on the strategy to achieve the target, including the expected capex needed. Among other measures, SSE plans to accelerate grid connection processes, collaborating with the electricity system operator, U.K. government, and regulatory bodies to fast-track renewable projects, and further engage in connection reform, helping unlock and optimize over 70GW of pipeline projects while mitigating bottlenecks and constraints.
- In line with the Principles' requirements, SSE has identified external factors beyond its control that could impede the consecution of the SPT. These include potential delays in planning and consenting, evolving regulatory frameworks, or changes in policy incentives that may affect the delivery timeline and prioritization of both infrastructure projects and grid connections.

SPT 2 performance and trajectory (GW)



Source: S&P Global Ratings.

KPI 3 Proportion of women in SSE's leadership group

SPT 3 Percentage of women in leadership group to be increased to 40% by March 2031

KPI 3 – Relevance

Not aligned | **Relevant** | Highly relevant

Analytical considerations

- We view the selected KPI as relevant. It addresses gender diversity in the workforce, which we see as a material topic that utility networks face. This is particularly considering the utilities sector has traditionally been male dominated, especially in engineering and technical roles according to different sources, including the International Labour Organization (ILO) and Eurostat. We also see it as linked to SSE's inclusion and diversity strategy, which aims to ensure equal opportunities for all employees to progress upward in the business.
- This KPI is one of the most effective ways to measure the company's performance in gender diversity and equal opportunities, since women represent 31.6% of the workforce as of 2024 (4.695 female employees out of 14.880 total employees). Also, this KPI tracks whether women have equitable access to decision-making roles and not just entry-level positions. Gender diversity is not listed within the most material topics as per SSE's materiality matrix, and is not seen as one of the most pressing issues for the industry, which supports our assessment of relevant.
- The KPI is companywide and refers to women in management positions across all of SSE's operations and business units. SSE's leadership group includes all employees at organizational level 18 and higher, a pay band with associated leadership responsibilities and benefits, as defined by SSE's human resources policy.
- The KPI is measurable on a consistent methodological basis based on Global Reporting Initiative Standards and hence can be somewhat benchmarked against external references or definitions. That said, we acknowledge the challenges related to benchmarking diversity data, due to the different definitions of managerial positions across entities. The KPI is otherwise verifiable, and SSE conducts and publishes annual assurance on diversity data-points, including this KPI, within its annual and sustainability reports, which we view positively.

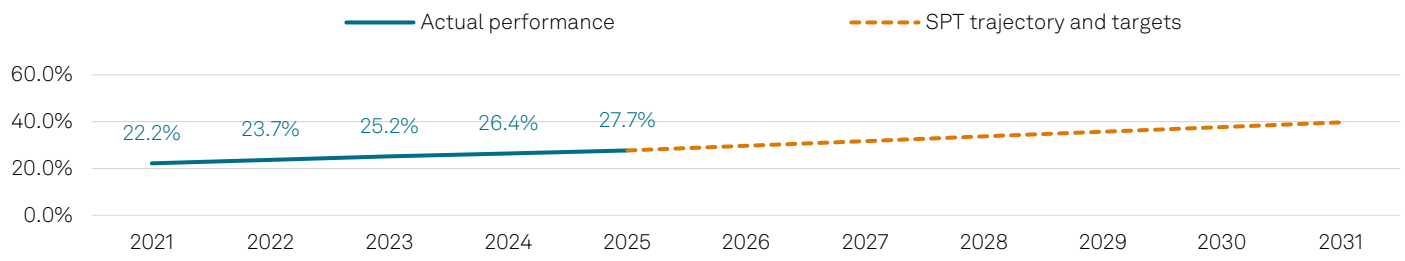
SPT 3 - Ambition

Not aligned	Ambitious	Highly ambitious

Analytical considerations

- Overall, we consider SPT 3 to be highly ambitious. We see this target as consistent with SSE's overall strategic sustainability and business strategy and consider the progress required to meet the target by 2030 as aligned with the Principles. Furthermore, the framework clearly outlines the strategy to reach the target, providing relevant information on past and expected performance, and SSE reports external factors beyond its control that could hinder its ability to meet the SPT.
- SSE's target is to increase the percentage of women at organization level 18 and higher to 40% by March 31, 2031. In 2025, the company had reached 27.7%, having increased the share by an average of 1.4% per year since 2021. To achieve its target, SSE requires an additional increase of 12% (2% per year on average), compared to the last reported year, demonstrating faster improvement than previously achieved.
- SSE has compared the target against industry and external benchmarks, such as the POWERful Women Initiative and FTSE Women Leaders Review. Additionally, it has compared its target against that of six other utility companies in the region, showcasing that its ambition is higher than that of other industry players. Although this demonstrates the relevance of the topic and KPI for the sector, we recognize the challenges of benchmarking diversity data due to differing definitions of managerial positions across entities and initiatives.
- The framework provides information on the strategy to achieve the target, including several initiatives to implement it. Among others, SSE will foster inclusive recruitment for senior roles, promote flexible working conditions, and continue to develop programs to support the progression of women into senior roles, aligned with career pathways and performance metrics.
- In line with the Principles' requirements, SSE has identified external factors beyond its control that could impede its achievement of the SPT, such as challenges in attracting and retaining diverse talent, particularly women in leadership, technology, and engineering roles.

SPT 3 performance and trajectory



Source: S&P Global Ratings.

Analysis Of Eligible Projects

This section provides details of our analysis of eligible projects, based on their environmental benefits and risks, using the "Analytical Approach: Shades Of Green Assessments".

Overall Shades of Green assessment

Based on the project category shades of green detailed below, the expected allocation of proceeds, and consideration of environmental ambitions reflected in SSE's Sustainability Financing Framework, we assess the framework as Dark green.

Activities that correspond to the long-term vision of a low-carbon climate resilient future.

Our Shades of Green Analytical Approach >

Green project categories

Renewable energy

Assessment	Description
Dark green	Electricity generation facilities that produce electricity from renewable sources. This includes wind (onshore and offshore).

Analytical considerations

- SSE's investments in wind (onshore and offshore) are critical to reducing greenhouse gas emissions and limiting global warming to well below 2 C. Not only do they contribute directly to the U.K.'s net-zero-by-2050 goal but also help enable the wider energy transition. As such, we assess these projects as Dark green.
- Most of the offshore and onshore wind farms are in the U.K. and Ireland, where SSE generates more than half of its electricity from renewables. SSE also owns onshore wind farms in continental Europe (Spain, the Netherlands, and France, among others). SSE's offshore wind portfolio, including flagship projects such as Dogger Bank (its largest of this type at 3.6 GW) and Seagreen (1.1 GW), forms a key pillar of its strategy to expand its renewable generation capacity.
- SSE Renewables' assets in general generate energy that is exported to the U.K.'s energy system, therefore it cannot always be determined which industries it supports. In some instances, SSE Renewables will sign virtual power purchase agreements linked with technology and energy companies (including oil and gas) among others.
- Large offshore and onshore wind farms carry embodied emissions linked to the manufacturing, transport, and installation of equipment such as turbines, panels, and generators. SSE is taking steps to reduce these lifecycle emissions through supplier engagement and increased resource efficiency. For offshore wind projects, efforts are underway to improve the recyclability of turbine blades and foundations.
- Regarding biodiversity risks, SSE addresses these through comprehensive environmental impact assessments (EIAs), compliance with national requirements, and site-specific mitigation. Applying a Biodiversity Net Gain (BNG) approach, SSE aims to improve the natural environment, with targets for "no net loss" from 2023 and BNG from 2025 for new onshore projects. They quantify improvements using proprietary tools and invest in initiatives like peatland restoration and puffin monitoring.
- For offshore wind projects, the impact on marine biodiversity during construction and operation can be significant. SSE proactively addresses this through extensive use of suction bucket foundations, which reduces construction noise, and comprehensive monitoring and research programs spanning both construction and long-term operation to mitigate ecological impacts.

- SSE performs physical climate risk assessments and stress tests across short- to long-term horizons as part of the development and operation of its assets, including renewable energy. Key risks in the U.K. include increased frequency of storms, coastal flooding, and changes in wind or rainfall patterns. These risks can affect asset integrity, generation performance, and grid integration. SSE considers these factors in project design and location decisions and has developed adaptation plans to enhance the resilience of its infrastructure.

Electricity networks

Assessment	Description
Dark green	Transmission network infrastructure that facilitates the transition to lower-carbon electricity systems.

Analytical considerations

- Modernizing and expanding transmission infrastructure is central to SSE's strategy to support electrification and decarbonization. By upgrading electricity grids to integrate higher shares of renewable energy and manage increasing demand from electric vehicles, heat pumps, and other low-carbon technologies, SSE's transmission investments play a key role in building a flexible, reliable, and climate-resilient energy system. As such, we assess these projects as Dark green.
- We see these investments as Dark green considering SSE's electricity transmission assets are located in Scotland. According to data from the Scottish government, Scotland's electricity grid maintained emissions intensity lower than 50 gCO_2e/kWh in 2017-2023 and the government aims to keep the intensity below this threshold as part of its ongoing monitoring framework. This figure refers exclusively to the intensity of electricity generated within Scotland. However, factoring in grid losses and potential imports and exports, it remains reasonable to assume an overall grid intensity below 100 gCO_2e/kWh.
- In addition, the U.K.'s electricity grid shows a significant move toward cleaner energy, with more than two-thirds of the electricity coming from low-carbon sources, and more than half from renewables. Although national grid emission factors remain higher than the EU Taxonomy's 100 gCO_2/kWh threshold, SSE's transmission operations enable the continued decarbonization of the system by prioritizing integration of renewables and minimizing network losses. Our Dark green shade captures that, although the emission intensity of the U.K. grid is not yet below 100gCO_2/kWh, we expect it to be in the near term. This is in view of the electricity generation trajectory toward well below 50gCO2e/kWh by 2030, outlined by the U.K. government in its Clean Power 2030 Action Plan: A New Era of Clean Electricity, as well as our expectation of a reduction of grid losses (currently accounting for 18gCO2/kWh according to the U.K. national operator). All in all, we consider these assets to be aligned with a Dark green shade.
- SSE is investing in the reinforcement, digitalization, and extension of its electricity networks in the north of Scotland, including Shetland, through its regulated electricity transmission operator, SSEN Transmission. These projects are designed to accommodate growing electricity demand and enable the connection of renewable electricity generation assets. The company is supporting the delivery of Scotland's net-zero targets by enhancing the network's capacity in areas with high renewable generation potential.
- SSE confirms there will be no dedicated connections to fossil fuel-intensive industries for SSEN Transmission. SSE's current infrastructure strategy is heavily focused on enabling the connection of renewables and supporting low-carbon electrification. Any renewable generation technology should fall well below the 100gCO2e/kWh emission intensity threshold and the only projects in SSEN Transmission's pipeline are for renewable generation.
- When carrying out these projects, SSE follows the same physical climate and biodiversity risk mitigation approach as for its renewable energy projects; for more details, please see the renewable energy activity section.

S&P Global Ratings' Shades of Green

Assessments	Dark green	Medium green	Light green	Yellow	Orange	Red
Description	Activities that correspond to the long-term vision of an LCCR future.	Activities that represent significant steps toward an LCCR future but will require further improvements to be long-term LCCR solutions.	Activities representing transition steps in the near-term that avoid emissions lock-in but do not represent long-term LCCR solutions.	Activities that do not have a material impact on the transition to an LCCR future, or, Activities that have some potential inconsistency with the transition to an LCCR future, albeit tempered by existing transition measures.	Activities that are not currently consistent with the transition to an LCCR future. These include activities with moderate potential for emissions lock-in and risk of stranded assets.	Activities that are inconsistent with, and likely to impede, the transition required to achieve the long-term LCCR future. These activities have the highest emissions intensity, with the most potential for emissions lock-in and risk of stranded assets.
Example projects	Solar power plants	Energy efficient buildings	Hybrid road vehicles	Health care services	Conventional steel production	New oil exploration

Note: For us to consider use of proceeds aligned with ICMA Principles for a green project, we require project categories directly funded by the financing to be assigned one of the three green Shades.

LCCR--Low-carbon climate resilient. An LCCR future is a future aligned with the Paris Agreement; where the global average temperature increase is held below 2 degrees Celsius (2 C), with efforts to limit it to 1.5 C, above pre-industrial levels, while building resilience to the adverse impact of climate change and achieving sustainable outcomes across both climate and non-climate environmental objectives. Long term and near term--For the purpose of this analysis, we consider the long term to be beyond the middle of the 21st century and the near term to be within the next decade. Emissions lock-in--Where an activity delays or prevents the transition to low-carbon alternatives by perpetuating assets or processes (often fossil fuel use and its corresponding greenhouse gas emissions) that are not aligned with, or cannot adapt to, an LCCR future. Stranded assets--Assets that have suffered from unanticipated or premature write-downs, devaluations, or conversion to liabilities (as defined by the University of Oxford).

EU Taxonomy Assessment

In our EU Taxonomy assessment, we opine on whether an eligible project to be financed aligns with the EU Taxonomy in cases when the economic activity is covered by technical screening criteria (TSC), which is incorporated into European law via delegated acts. (see "Analytical Approach: EU Taxonomy Assessment").

Under its sustainability financing framework, SSE aims to refinance capex associated with the construction and/or operation of infrastructure to support renewable energy generation (activity 4.3 - Electricity generation from wind power) in the U.K. and Ireland, but also potentially in other locations in Southern Europe, including Italy, Greece, Spain, and France. Additionally, SSE will use funds to refinance capex associated with the construction and operation of infrastructure for the transmission of renewable electricity in the north of Scotland (activity 4.9. Transmission and distribution of electricity).

We believe the framework aligns with the TSC for the substantial contribution to the climate change mitigation objective and with the DNSH criteria. We also consider that, in implementing projects, the company has processes and policies that align with the four components of the Taxonomy's minimum safeguards.

The company operates in the U.K. and Ireland, where most of the projects are or will be located. Projects undergo mandatory EIAs according to EU and U.K. laws. Additionally, SSE screens physical climate risks as part of its TCFD risks and opportunities assessment. The assessment identifies risks and opportunities over the short, medium, and long term, considering the Intergovernmental Panel on Climate Change's Representative Concentration Pathways (RCP) 8.5 (worst case), and RCP 2.6 (substantial emissions reduction). As part of its analysis, the company measures the resilience, recovery, and adaptability of its assets and invests in mitigation and adaptation measures.

EU Taxonomy – Detailed analysis

4.3 Electricity generation from wind power – NACE code: D35.11, F42.22

SSE expects to allocate proceeds toward the refinancing of capex associated with the construction and operation of facilities that generate electricity from wind power (onshore and offshore) in the U.K. and Ireland, and to a lesser extent in southern Europe. The activity will substantially contribute to the EU's climate change mitigation objective, in our view.

Opinion	Key findings
Substantial contribution: Technical screening criteria assessment	
✓	• We consider SSE's financing related to electricity generation from wind power aligned with the TSC for a substantial contribution to the EU' s climate mitigation objective.
Do no significant harm (DNSH): Technical screening criteria assessment	

✓	• According to the TSC, this activity must not harm the EU's climate adaptation, water, circular economy, and biodiversity objectives. We consider SSE's activity to be aligned with the DNSH TSC for climate adaptation, water, circular economy, and biodiversity (please see the generic DNSH table for the analysis of the DNSH criteria on climate adaptation). • With regards to water, SSE commits to ensuring the activity will not hamper the achievement of good environmental status as set out in Directive 2008/56/EC of the European Parliament and of the Council. In relation to the construction of offshore wind farms, SSE commits to ensuring--by conducting comprehensive EIAs--that energy, including underwater noise, is at levels that do not adversely affect the marine environment. • In terms of DNSH to biodiversity, SSE commits to ensuring the activity does not hamper the achievement of good environmental status as set out in Directive 2008/56/EC, as well as implementing measures to prevent or mitigate impacts in relation to that Directive's Descriptors 1 (biodiversity) and 6 (seabed integrity). For example, ecological and environmental assessments are carried out by specialists to support project teams and ensure that potential biodiversity impacts are managed and mitigated. This also involves working closely with key stakeholders such as NatureScot, Natural England, National Parks and Wildlife Service, Northern Ireland Environment Agency, and other organizations. • For DNSH to the circular economy, SSE has integrated principles of high durability, recyclability, ease of dismantling, and refurbishment. Specifically, SSE commits to decreasing the impact of its resource consumption by minimizing resource use, waste production, and waste to landfills, and increasing recycling. It also commits to working with its supply chain to improve performance and innovation; using reprocessed materials and ensuring resources can readily be reused or recycled so far as is practical; and selecting materials that have sustainable lifecycle impacts.

4.9 Transmission and distribution of electricity – [NACE code: D35.12, D35.13]

- SSE expects to allocate proceeds to refinance capex related to transmission infrastructure. The assets are or will be located in the north of Scotland. The activity will substantially contribute to the EU'd climate change mitigation objective, in our view.

Opinion	Key findings
	Substantial contribution: Technical screening criteria assessment
✓	We consider SSE's financing related to the transmission of electricity aligned with the TSC for a substantial contribution to the EU's climate mitigation objective. • For the refinancing of transmission assets, SSE confirms that the system is the interconnected European system, and the average emissions factor of the system network (five-year moving average) is below the threshold value of 100 gCO2e/kWh, measured on a life-cycle basis. • The company confirms that proceeds will not be dedicated to finance connections to potential high-emitting end users (above 100 grams CO2/kWh) or those associated with fossil fuel activities. • SSEN Transmission does not install smart meters.
	Do no significant harm (DNSH): Technical screening criteria assessment
✓	• According to the EU Taxonomy, this activity must not harm the EU's climate adaptation, circular economy, pollution prevention, and biodiversity objectives. We consider SSE's activity to be aligned with the DNSH TSC for climate adaptation, circular economy, pollution prevention, and biodiversity (please see the generic DNSH table for the analysis of the DNSH criteria on climate adaptation and biodiversity). • SSE has confirmed a waste management plan is in place to ensure maximal reuse or recycling at the end of an asset's life in accordance with the waste hierarchy. It has set the following goals to 2026: achieving net zero waste to landfill; a recycling, recovery, and reuse rate greater than 70% across waste streams; and best-practice waste reporting. • The construction of overground high voltage lines follows the principles of the International Finance Corp.'s General Environmental, Health, and Safety Guidelines. Measures are implemented to limit the impact of electromagnetic radiation on human health to well below 300 gigahertz in the U.K. SSE has occupational health and safety certifications and complies with all international standards and laws. • The use of PCBs (polychlorinated biphenyls) has been prohibited in the U.K. since 1987. Actual or potential PCB contamination exists in some of SSE's legacy equipment in lower voltage networks because of pre-1987 supply chain processes. However, SSE intends to fund assets within the higher-voltage network and commits to excluding from the financing any networks that may

include PCB use. SSEN Transmission is committed to identifying and removing all PCB-contaminated assets with more than 50 parts per million from its network, in line with Regulation (EU) 2019/1021 on persistent organic pollutants (recast).

Analysis of the generic DNSH

Aligned = ✓ Not aligned = ✗

Opinion	Environmental objective	Key findings
✓	Climate adaptation	At the group level, SSE screens physical climate risks as part of its TCFD risks and opportunities assessment and publishes the results in its annual report. The assessment identifies risks and opportunities over the short term (to 2035), medium term (to 2050), and long term (to 2080). This involves interviews with senior business leaders, business unit risk assessments, and a materiality test to capture climate-related opportunities and risks. The analysis considered two scenarios: RCP 8.5, and RCP 2.6 in line with the recommended EU Taxonomy scenarios, over 2030-2080. As part of its analysis, the company measures the resilience, recovery, and adaptability of its assets and invests in mitigation and adaptation measures. At the business unit level, SSE conducts site-specific climate hazard risk assessments as part of its national adaptation response to the U.K. government. SSE publishes its business-specific national adaptation planning round reports every five years. These assessments screen the physical climate risks detailed in Section II of the DNSH Annex A 'climate change adaptation' requirement.
✓	Sustainable water	SSE carries out EIAs that include water risks, and it complies with all relevant legislation regarding the preservation of water quality and the achievement of good water status and good ecological potential. It confirms it applies measures, with the aim of compensating for the loss of ecosystems during construction through its restoration of the project environment.
✓	Pollution prevention	N.A. For specific information on pollution prevention please see DNSH criteria for activity 4.9.
✓	Biodiversity protection	For all projects in scope of the financing framework, SSE ensures compliance with local environmental regulations by completing EIAs. For sites and operations located in or near biodiversity-sensitive areas, it sets an environmental monitoring plan that includes specific mitigation and compensation measures. Furthermore, whenever a significant impact to the environment is detected, corrective actions are defined, considering technical and economic feasibility. For example, Strathy South wind farm includes a Habitat Management Plan, which involves restoration of forest to bog and open moorland blanket bog, which demonstrates a biodiversity net gain.

Minimum safeguards assessment at issuer level

Aligned = ✓ Not aligned = ✗

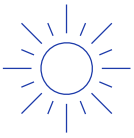
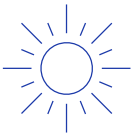
Opinion	Key findings
✓	We consider the issuer to be aligned with the EU Taxonomy's requirements for minimum safeguards. • SSE embeds human rights and modern slavery due diligence through policies aligned with the UN's Guiding Principles on Business and Human Rights, OECD (Organization for Economic Co-operation and Development) guidelines, and ILO conventions. SSE integrates human rights and modern slavery due diligence within its procurement processes, requiring suppliers to commit to its sustainable procurement standards and complete thorough assessments of their practices related to human rights risks. The company focuses on identifying and assessing risks using external indices and sector-specific criteria, applying enhanced due diligence for higher-risk suppliers. Compliance is monitored through independent audits and ongoing supplier engagement. SSE also maintains whistleblowing mechanisms and conducts supplier audits to support the prevention, mitigation, and remediation of adverse human rights impacts across its supply chain. We view as positive that all these information is clearly reported in the issuer's Moder Slavery Report. • SSE has implemented a zero-tolerance approach to bribery and corruption. Policies are publicly disclosed and supported by mandatory training and clear internal reporting channels. Suppliers must comply with equivalent ethical standards. Investigations are led by a designated compliance team, with protections for whistleblowers.

- Each year, SSE publishes its "Talking Tax" report, where it explains its tax governance. Tax compliance is overseen by the CFO and the Audit Committee, with transparent tax reporting and adherence to OECD principles. SSE holds Fair Tax Mark accreditation and discloses its tax strategy and country-by-country reports.
- SSE actively promotes fair competition through employee and senior management training and compliance structures, especially in its regulated activities. It has established internal firewalls between competitive and regulated businesses and monitors compliance with commitments made to Ofgem.
- In addition, SSE has confirmed that none of its senior management team, including at its subsidiaries, have been convicted on any of the four minimum safeguard topics.

Mapping To The U.N.'s Sustainable Development Goals

Where the financing documentation references the Sustainable Development Goals (SDGs), we consider which SDGs it contributes to. We compare the activities funded by the financing to the International Capital Markets Association (ICMA) SDG mapping and outline the intended linkages within our SPO analysis. Our assessment of SDG mapping does not affect our alignment opinion.

This framework intends to contribute to the following SDGs:

Use of proceeds/KPI	
Renewable energy	 **7. Affordable and clean energy***  **13. Climate action**
Electricity networks	 **7. Affordable and clean energy**  **13. Climate action**
Scope 1 greenhouse gas intensity of electricity generated	 **13. Climate action§**
Renewable generation capacity connected in SSEN Transmission's network area	 **13. Climate action**

Proportion of women in SSE's leadership group	 **8. Decent work and economic growth§**

*The eligible project categories link to these SDGs in the ICMA mapping.
§The KPI is likely to contribute to the SDGs.

Related Research

- Analytical Approach: Second Party Opinions, Mar. 6, 2025
- FAQ: Applying Our Integrated Analytical Approach For Second Party Opinions, Mar. 6, 2025
- Analytical Approach: Shades Of Green Assessments, Jul. 27, 2023
- Analytical Approach: EU Taxonomy Assessment, Oct. 31, 2024
- Sustainability Insights: Climate Transition Trends: Electric Utilities Show Some Momentum, Sep. 17, 2025

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