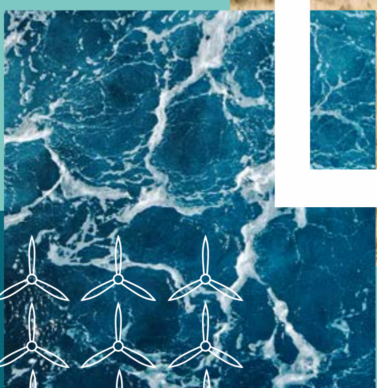
Fair tax for a clean energy transition

Talking Tax Report 2025



Contents

1. About SSE

SSE is a leading UK-listed energy company, headquartered in Perth, Scotland, that invests in, develops, builds and operates electricity infrastructure and businesses needed for a clean, secure and affordable energy system. We are driven by a purpose to provide energy needed today while building a better world of energy for tomorrow. Our diversified portfolio includes onshore and offshore wind farms, hydro-electric power, solar and batteries, flexible thermal generation and electricity transmission and distribution networks. We also provide energy products and services for businesses and other customers.

About this report

The principles of fair tax are core to SSE's approach to creating and sharing value with society. It has been Fair Tax Mark accredited since 2014 and is proud to pay the right amount of tax, in the right place, at the right time. Tax has an important role to play in contributing to public services and supporting the transition to net zero.

SSE fully discloses its tax affairs in its Annual Report 2025 (pages 194-195) according to international accounting standards and the enhanced disclosure requirements of the Fair Tax Mark. The purpose of this report is to complement those disclosures by providing additional transparency around the different types of taxes SSE pays in different jurisdictions and by outlining SSE's strategy and approach to tax.

This report's objective is to provide a transparent and accessible account of SSE's tax affairs for the financial year 1 April 2024 to 31 March 2025, in a way that is clear and understandable to non-tax specialists. However, it is sometimes necessary to use technical language and phrases. Explanations for the main terms used are provided on pages 22 and 23.

8 DECENT WORK AND ECONOMIC GROWTH

Aligning business and social objectives

SSE has set four core 2030 business goals directly linked to the four UN Sustainable Development Goals (SDGs) most material to its business. One of these 2030 Goals, linked to SDG 8 Decent Work and Economic Growth, contains a commitment to champion fair tax. You can read more about how SSE has been doing this in its Sustainability Report 2025 on **sse.com**.

2. Foreword

SSE has a long history of developing and operating low carbon infrastructure in a way that delivers benefits to those who need them – communities, workers and their families, small and medium-sized enterprises, and of course energy customers across the UK and Ireland.

In 2024/25 alone, it contributed £7.88bn and €0.95bn to UK and Irish GDP respectively and supported 67,190 jobs across these countries.

That's why, announcing our £33bn fully-funded five-year investment programme to transform the UK's electricity infrastructure and deliver long-term benefits for society is such a proud moment for us. But it's not only the infrastructure and its operation that supports people and the economy: it's tax too.

Tax is a powerful tool. Structured in the right way, it can give business the certainty and stability needed to stimulate ongoing investment in infrastructure. That paves the way for a raft of social and economic benefits.

Over the past year, global macroeconomic pressures, from rising debt and inflation to increased protectionism and shifting trade policies, are making long-term investment decisions in the energy sector more challenging. Stability in tax policy and clear pre-investment guidance are now more important than ever to give businesses the confidence to commit to large infrastructure projects.

Against this backdrop of global change, it's easy to jump to 'quick fixes' that in the long term perpetuate or exacerbate issues. Instead, tax policy needs to demonstrate unequivocally that the UK wants investment in creating a clean, secure, homegrown energy system. That starts with delivering clean power.

Full expensing must continue, and developers want to see advance tax certainty on large capital projects becoming a reality. These measures are cost-effective ways of generating short- and long-term benefits in the costs of delivering energy.

All of this underscores a powerful policy message: with the right tax certainty and long-term clarity, business and government can together unlock a thriving low carbon economy, creating jobs, lifting entire regions, and delivering the security and sustainability the UK so urgently needs.

Barry O'Regan
SSE plc Chief Finance Officer

3. SSE's total tax contribution overview

As a large and complex business, SSE continues to be liable for a range of different taxes that arise from its direct operations, as well as across its value chain in both upstream and downstream activities. SSE pays taxes directly to tax authorities, referred to in this report as taxes paid. These represent direct costs of running SSE's business.

In addition to taxes paid, SSE's commercial activities also give rise to taxes that it collects and administers on behalf of governments. These do not represent a direct cost to SSE and are referred to as taxes collected. Together, these taxes paid and collected form SSE's total tax contribution, the overall value of taxes for which SSE has responsibility.

SSE's total tax contribution 2024/25

In the year to 31 March 2025, SSE's total tax contribution was £1.3bn compared to £1.5bn the previous year. This was made up of £658m of taxes paid (compared to £739m in 2023/24) and £651m of taxes collected (compared to £727m in 2023/24).

The decrease in total taxes paid in 2024/25 compared with the previous year was mainly due to a reduction in corporation tax on UK profits, reflecting increased capital allowances on capital investment. This was partly offset by a rise in the Electricity Generator Levy, driven by higher electricity generation prices in the UK, and increased corporation tax payments in Ireland.

The decrease in total taxes collected was primarily due to higher VAT being reclaimed, due to the higher capital investment in the UK and Ireland. This was partly offset by higher amounts of employment taxes - due to both headcount and wage increases - in the UK.

A full breakdown of SSE's taxes paid and collected split out by UK and Ireland is available on pages 14-17. SSE has subsidiaries outside of these countries, and its country-by-country reporting for these jurisdictions can be found on page 10.

Total tax contribution
£1.3bn

The total value of all the taxes paid and the taxes collected by SSE.

Taxes paid
£678m

Taxes that SSE pays directly to tax authorities. They are direct costs of running SSE's business and include profit taxes, business rates and employer national insurance contributions.

Taxes collected
£651m

Taxes which are generated by SSE's operations but are not a direct cost to SSE. SSE's commercial activities give rise to these taxes which it collects and administers on behalf of governments.

SSE's tax value chain 2024/25

Taxes paid

Profit tax
£321m

Taxes on profits that SSE makes. Corporation tax is one example of a tax paid on profit, with Electricity Generator Levy being another.

People tax
£99m

Taxes paid on wages earned by employees, for example an employer's share of UK National Insurance contributions.

Environmental tax
£41m

SSE pays environmental taxes in relation to its direct operations, the main one being the Carbon Support Price / Climate Change Levy which is a tax it pays on fossil fuels used to generate electricity.

Property tax
£221m

Property taxes relate to owning or using properties and infrastructure. These include business rates paid to local councils, and taxes on transactions when properties are bought and sold.

Taxes collected

Net Value added tax (VAT)
£322m

VAT is charged on goods and services, which are bought from suppliers or sold to customers. SSE collects VAT on behalf of national tax authorities.

People tax
£232m

Taxes collected from employee wages on behalf of governments, for example income tax.

Environmental tax
£92m

SSE collects environmental taxes from its customers on behalf of governments, including the Climate Change Levy which is an environmental tax charged on the energy that businesses use.

Other taxes
£4m

A variety of smaller taxes contribute to this figure which is collected by SSE on behalf of governments.

4. A responsible approach to tax

SSE remains among the UK's largest taxpayers, placing 14th for taxes paid in the 2024 PwC Total Tax Contribution survey of the 100 Group of Companies

While the company has a duty to its shareholders, customers, and wider stakeholders to manage its overall tax position efficiently, SSE does not pursue approaches that are inconsistent with the spirit of the tax system, nor does it make use of 'tax havens' to reduce its liabilities.

A responsible tax approach is embedded in SSE's business strategy and underpinned by its 2030 Goals, which include a clear commitment to champion fair tax. Progress against these goals is also directly linked to a proportion of Executive Director remuneration. Further detail on SSE's 2030 Goals can be found at **sse.com**.

Principles for fair tax

SSE follows three core principles in its tax strategy consistently and guide the company as it seeks international expansion. SSE's full tax strategy can be found on pages 18 and 19.

Playing fair

SSE does not take an aggressive stance in its interpretation of tax legislation and will not use artificial tax avoidance schemes or tax havens to reduce tax costs. SSE believes businesses should pay the right amount of tax in the right place at the right time. SSE's profits are therefore taxed in the locations where it has business substance. SSE follows OECD Transfer Pricing Guidelines which are based on the arm's length principle. Transfer pricing arrangements are regularly reviewed to ensure profits are taxed where value is created. In addition, SSE never abuses jurisdictions to gain financial secrecy benefits.

Being accountable and transparent

SSE believes it is important for businesses to be clear and transparent about their worldwide activities, tax affairs and tax payments. Its policy is to operate within both the letter and spirit of the law at all times. SSE's primary tax objective is to be compliant with all tax legislation requirements. Throughout 2024/25, there was complete compliance with SSE's Group Tax Policy. Good tax governance and reporting is essential, and SSE seeks to increase accountability with its senior leaders through linking a portion of Executive Director remuneration with its 2030 Goal linked to championing fair tax.

Working with stakeholders

With one of its core 2030 Goals linked to championing fair tax, SSE promotes the importance of paying a fair share of tax with stakeholders. Stakeholders SSE engages with on tax matters include businesses, government, and wider societal groups, as well as the relevant tax authorities.

Our fair tax mark commitment

This report marks SSE's third consecutive year of achieving the International Fair Tax Accreditation, demonstrating its ongoing commitment to transparency, accountability, and responsible tax practices. SSE remains strongly committed to the Fair Tax Foundation, maintaining ongoing engagement throughout the year. During 2024/25, SSE's Group Tax Director led a webinar to advocate for the Fair Tax Mark and encourage other companies to pursue responsible tax practices.

In addition, the company has been recognised for four years running with the PwC Building Public Trust Award for Tax Reporting in the FTSE 350, reflecting SSE's consistent performance in managing its tax responsibilities responsibly while contributing significant value to the public finances. These milestones reinforce the company's long-term dedication to fair and ethical tax practices.

Sharing the benefits from net zero

SSE is a major contributor to the UK and Irish economies. SSE works with PwC every year to better understand the value it contributes to the UK and Irish economies.

In 2024/25, it contributed £7.88bn and €0.95bn to UK and Irish GDP respectively and supported 67,190 jobs across these countries.

For more information on how SSE support local communities and creates jobs, see its Sustainability Report 2025 on **sse.com**.

5. Talking Tax with SSE's Group Tax Director

Martin McEwen shares his insights on how global change and evolving tax policies are shaping the energy industry, and what this means for the future of tax.

A lot can change in a year. What would you say has been the biggest change for the energy industry since the last Talking Tax Report was published?

The last 12 months have really highlighted the challenging macroeconomic conditions that leaders, of countries and industries, are having to navigate. Most of the major global economies, including the UK, the EU, and the US, are seeking to reduce inflation and debt at a time when government borrowings are at record highs. Many large businesses, such as those in the energy industry, are also navigating challenging market conditions. Trying to balance funding requirements while maximising return on investment on large infrastructure projects, has become much tougher.

Looking back over the past 12 months, are there any key global trends that could cause issues for the energy industry or the wider economy if they aren't addressed?

As countries try to control inflation and reduce debt, through policies to deliver economic growth, we've unfortunately seen increased instances of protectionism which risks damage to global trade. This not only makes it incredibly difficult for companies to make long-term investment decisions, but it also increases the risks for investors considering funding vital projects.

In addition, while the implementation of Base Erosion and Profit Shifting (BEPS) global tax rules over the last decade has been a great achievement, there is a risk that as countries look inward more, the joined-up implementation will be lost. We are starting to see this with public country-by-country reporting with different jurisdictions imposing different requirements, making it harder for business to be compliant in all jurisdictions. A more collaborative approach would be preferred with a standard that suits all countries' needs.

Many countries, including the US, have introduced tariffs on imported goods and services. How might this policy shift influence the role of tax advisers over the next few years?

As we've seen with the introduction of additional tariffs in the US, the tax regime can be a powerful lever to be pulled. It's rare that tax policy decisions saturate the media reporting for weeks at a time, but recent tariff announcements have provoked global debate, international cooperation / negotiation, and a lot of concern across most industries on a truly global level. It's also made the tax adviser's role even more important both in industry and in practice.

The ability for those tax levers to raise revenues and change behaviours, in times of increasing debt and economic competitiveness, is an attractive proposition for any government. I wouldn't be surprised if we see an increase in the pace of changes to tax law in the UK and overseas. These changes may also be novel, complex, and targeted. Tax advisers will have to be ready to advise on these changes in real time, providing certainty from the uncertain and distilling complex legislation into plain language for business to be able to navigate these new laws.

With all the recent changes and uncertainty in global tax and trade, what would you like to see from the UK, our main trading jurisdiction?

The current UK government should stay the course and deliver their ambitious plan to transform the energy system. They know what industries can deliver growth, and they know that businesses need stability and certainty (which the Corporate Tax Roadmap provides).

Given the level of the current deficit, tax rises are likely to be needed. However, they must ensure that any rises don't hamper growth and the delivery of the infrastructure a modern, digital economy requires.. The need for short-term boosts in revenue should not come at the cost of long-term, stable, growth-inducing infrastructure investment.

We would like to see a joined-up government. HMRC need to work with business while at the same time tackling tax evasion and avoidance. The number of recent consultations HMRC have had with business about key tax areas is promising. However, providing the ability for companies to seek advanced tax rulings, particularly at a pre-investment period, would allow business to gain some certainty over projects tax costs, while building HMRC / business relations. We would also like to see the government continue to contribute positively to international developments such as Pillar 2, the OECD-led initiative introducing a minimum 15% corporate tax rate for large multinational companies ine ach country they operate in. By leading in the implementation of these global tax standards, the UK can provide greater certainty and confidence to businesses.

Martin McEwen
Group Tax Director, SSE

6. SSE's 2024/25 tax contribution breakdown

Country-by-country reporting

Historically, SSE operated only in the UK and Ireland. This changed in 2021 with the creation of SSE Pacifico in Japan, where it is progressing a 6GW offshore wind pipeline. In 2022, SSE added a Southern Europe platform spanning Spain, France, Italy and Greece.

During 2024/25, SSE delivered its first operational onshore wind farm in France and advanced construction of onshore wind projects in Spain and Italy. The company continued to progress its early-stage pipelines in carefully selected international markets in Continental Europe and Japan.

Country	Corporate tax paid	Revenue	Reported Profit/(Loss) Before Tax (Continuing Operations)	Reported Current Tax	Reported Deferred Tax	Number of employees at 31 March 2025	Gross Employee Pay	Net Assets
	£m	£m	£m	£m	£m		£m	£m
France	0	0	(2)	0	0	12	1	36
Germany	0	0	0	0	0	0	0	0
Greece	0	0	(2)	0	0	8	1	59
Ireland	50	1,642	220	32	1	867	72	1,444
Isle of Man	0	0	2	0	0	0	0	12
Italy	0	0	(3)	0	0	7	1	27
Japan	0	0	(6)	0	0	48	4	4
Netherlands	0	0	(1)	0	0	0	0	(4)
Poland	0	0	0	0	0	0	0	0
Spain	0	0	(250)	0	0	60	5	(423)
United Kingdom	266	8,490	1,892	202	284	14,823	951	11,536
United States	0	0	0	0	0	0	0	(0)
Total	**317**	**10,132**	**1,851**	**234**	**284**	**15,824**	**1,035**	**12,693**

SSE's UK and Irish businesses have differed since SSE exited the GB (England, Scotland and Wales) domestic energy market in 2020. SSE's remaining GB businesses are capital-intensive, with higher profit margins and significant levels of capital allowances each year on capital expenditure. In Ireland, SSE operates the Airtricity domestic supply business which has a high turnover but low margins, and less capital expenditure or capital allowances.

This results in the business in Ireland having a higher amount of turnover-per-employee than the UK business. The UK business's profit before taxes as a percentage of turnover is higher than the Irish business.

SSE's subsidiaries outside of the UK and Ireland

SSE's subsidiaries outside of Ireland and the UK have been established for commercial reasons. SSE does not use overseas subsidiaries for tax benefits or use tax havens to reduce tax costs, as prohibited in SSE's Tax Policy.

The country of tax residence for all overseas companies is the same as their country of incorporation, unless stated below.

Most of SSE's subsidiaries in France, Greece, Italy, and Spain formed part of Siemens Gamesa Renewable Energy's onshore development platform in Southern Europe, acquired by SSE in 2022.

France
SSE owns 28 wholly owned French subsidiaries and is seeking to develop this portfolio of early development stage onshore projects as well as pursuing additional prospects. SSE's first project in France, the 28MW onshore wind farm in Chaintrix-Bierges and Vélye Wind Farm, entered commercial operations in February 2025.

Germany
In December 2019, SSE entered an agreement to acquire the development rights for a small portfolio of onshore wind projects in Germany. However, the acquisition did not proceed. There is no development activity currently ongoing in Germany and SSE is in the process of closing this company. The company is treated as UK tax resident through being managed and controlled in the UK.

Greece
SSE owns seven wholly owned Greek subsidiaries and is seeking to develop the portfolio of early development stage onshore projects as well as pursing additional prospects.

Isle of Man
SSE operates a captive insurance company, SSE Insurance Limited, which is incorporated in the Isle of Man. Its primary purpose is to provide greater control over SSE's management of specific risks, with annual premium payments being made. SSE Insurance Limited is treated as a "controlled foreign company" for UK tax purposes as it is wholly owned by SSE. SSE therefore pays UK corporation tax on its profits.

Italy
SSE now owns four wholly owned Italian subsidiaries. SSE has begun the Construction of its first onshore windfarm at the combined Castel Favorito and Masseria la Cattiva (together 17MW) in Italy.

Japan
SSE has an 80% equity interest in an offshore wind development platform with Pacifico Energy and its affiliates. This joint ownership group, SSE Pacifico, seeks to develop the acquired 10GW portfolio of early development stage offshore wind projects.

Netherlands
SSE has established 11 wholly owned subsidiaries which are incorporated in the Netherlands. The Dutch Government has awarded the consortium SSE and APG the rights to a pre-developed and fully consented site in the IJmuiden Ver Wind Farm Zone in the North Sea. Alongside SSE's joint venture partner APG, it is also moving forward with the 2GW Alpha offshore wind site in the Netherlands. Subject to reaching a Final Investment Decision (FID), expected by late 2025, the wind farm would be commissioned by the end of this decade.

Poland
SSE now owns eight wholly owned Polish subsidiaries and is seeking to develop the portfolio of early development stage solar projects as well as pursuing additional prospects. This pipeline will be progressed by SSE under a Developer Services Agreement (DSA) with IBC Solar and Optisol.

Spain
SSE owns 21 wholly owned Spanish subsidiaries. SSE seeks to develop the acquired portfolio of early development stage onshore projects as well as additional future prospects. Construction continued at SSE's first onshore windfarm in Spain, Jubera, located in North Spain, La Rioja.

United States
SSE had three wholly owned subsidiaries, which were incorporated in the United States. These entities were set up for the purposes of submitting a bid for an offshore wind energy auction. SSE's bid in the auction was unsuccessful, these companies were formally wound up by mid-October 2025.

Effective tax rates

In simple terms, SSE's effective tax rate (ETR) is the average percentage it pays in taxes on its taxable income. For many reasons, SSE's ETR may differ from the corporation tax rates of the countries in which its business activities are undertaken, currently primarily the UK and Ireland.

In the year ended 31 March 2025, the corporation tax rate in the UK was 25% and in Ireland it was 12.5%. SSE's adjusted current tax rate in 2024/25, based on adjusted profit before tax, was 13.9 %, compared with 16.9% in 2023/24 on the same basis.

Due to significant annual investment by SSE in its businesses, its adjusted current tax rate is reduced by the impact of tax allowances on investment and tax relief on funds borrowed to finance that expenditure. This meant that SSE's ETR for the year to 31 March 2025, at 13.9%, was lower than the standard 25% UK corporation tax rate.

SSE's adjusted current tax rate is only one measure of ETR; details of alternate performance measures can be found in the glossary on page 22 as well as in the Annual Report 2025.

SSE invests heavily in capital assets and has elected to disregard fair value movements on financial instruments and commodities to reduce the associated volatility in tax charges. These items result in timing differences between when they are taken into account for accounting purposes on one hand, and tax purposes on the other. Deferred tax must be recognised on these timing differences to arrive at the total tax charge per the accounts for each year.

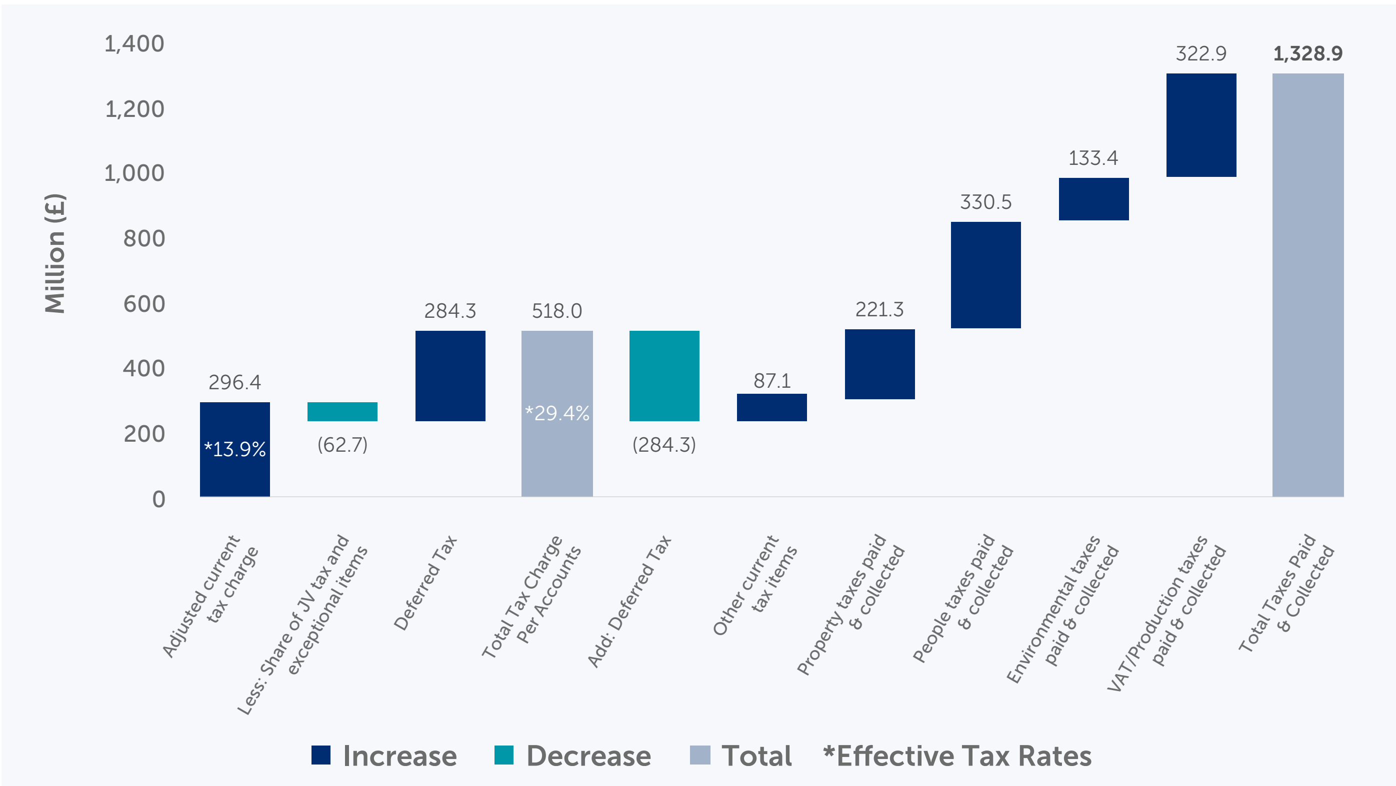
SSE's total reported tax rate for the year to 31 March 2025, once deferred tax is taken into account, was 29.4%. To then arrive at SSE's total tax contribution for the year, non-cash taxes such as deferred tax must be removed and amounts paid or collected in relation to property taxes, people taxes and employment taxes must be added. The below diagram reconciles SSE's adjusted current tax charge to total tax charge and then total tax contribution.

SSE's adjusted current tax rate
13.9%
(2023/24: 16.9%)

Total Reported Tax Rate
29.4%
(2023/24: 25.6%)

Total Tax Contribution
£1.3bn
(2023/24: £1.5bn)

Analysis of 2024/25 taxes



Accelerated capital allowances

One of the key contributing factors as to why SSE's current tax charge is lower than would be expected if the UK current tax rate was applied to the group profit, is the impact of accelerated capital allowances.

Capital allowances are tax reliefs provided in law for the expenditure that SSE makes on property, plant and equipment. They support increased levels of investment and reduce the cost of energy, both of which are in the public interest and have a positive net benefit to taxation.
The rates are determined by Parliament annually and spread the tax relief due over a number of years. This contrasts with the accounting treatment for such assets, where the expenditure on property, plant and equipment is depreciated over the useful life of the asset, or impaired if the value of such assets is considered to have reduced materially.
The different accounting treatment of property, plant and equipment for tax and accounting purposes means that the taxable income of the Group is not the same as the profit reported in the financial statements.

From 1 April 2023, the UK Government introduced full expensing, which provides 100% (or 50%) relief in the first year for plant and machinery (special rate) assets. The introduction of this valuable accelerated relief, designed to increase investment in the UK, has further widened the gap between SSE's current tax rate and the UK statutory rate.

As this is only, however, a timing difference, a deferred tax liability has to be booked which is released over the useful lives of the relevant qualifying assets. The resulting deferred tax charge means SSE's total tax charge (including deferred tax) is much closer to the UK corporate tax rate. Total capital allowances claimed and accumulated accounting depreciation will eventually equal one another over time.

Due to the long estimated useful lives of SSE's qualifying property, plant and equipment assets (many should be in use for well over 25 years), the accelerated capital allowances balance is likely to reverse slowly with the majority taking longer than five years. Furthermore, SSE's ongoing capital investment programme and the availability of accelerated first year capital allowances mean that the total accelerated capital allowances liability is likely to increase, or at least remain steady, during upcoming accounting periods.

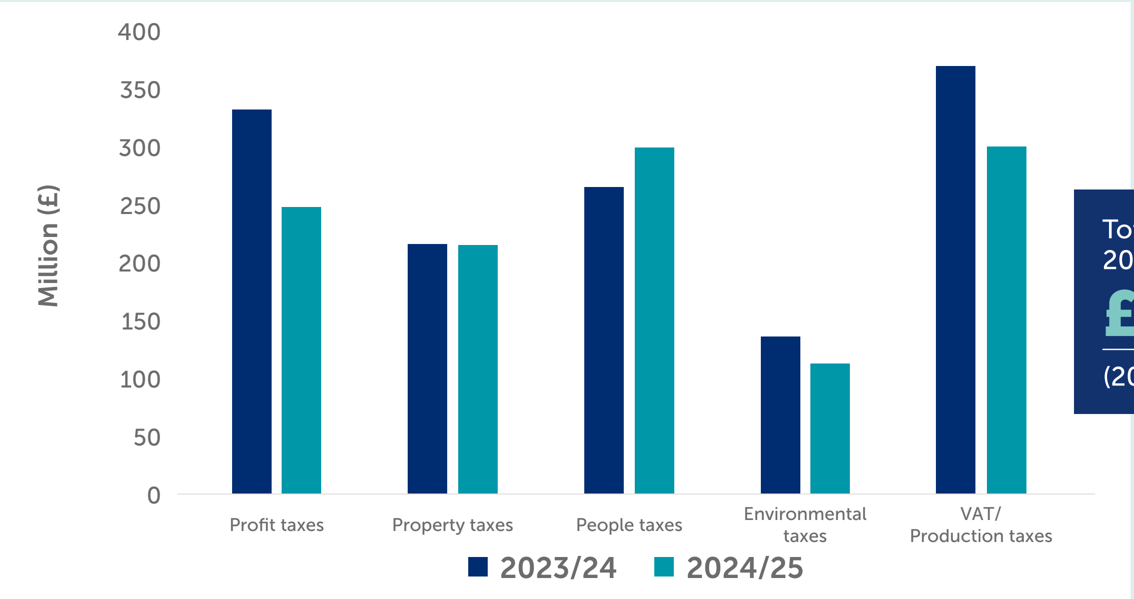
Total tax contribution 2024/25

Total tax contribution is calculated by adding the value of taxes paid to the value of taxes collected. SSE's total tax contribution across all jurisdictions in which it operates was £1.3bn in 2024/25, compared to £1.5bn in 2023/24.

As SSE's main trading activity takes place in the UK and Ireland, the tax contributions SSE has made to the UK and Irish exchequers are shown in this section along with breakdowns of these taxes, with explanations provided for significant changes between 2023/24 and 2024/25.

SSE has activities in seven other countries (outlined on pages 10 and 11), however, total tax contribution in these countries is immaterial so breakdowns have not been included in this section.

UK taxes

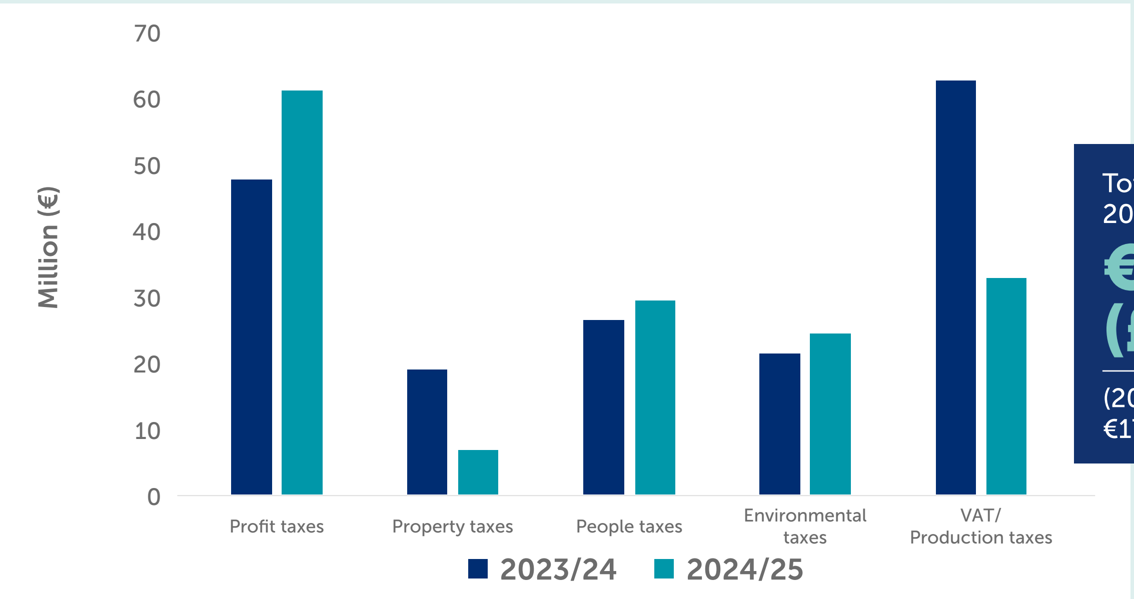


Total tax contribution 2024/25

£1.3bn

(2023/24: £1.5bn)

Ireland taxes



Total tax contribution 2024/25

€155m (£130m)

(2023/24: €178m (£154m))

UK tax breakdown

Taxes paid

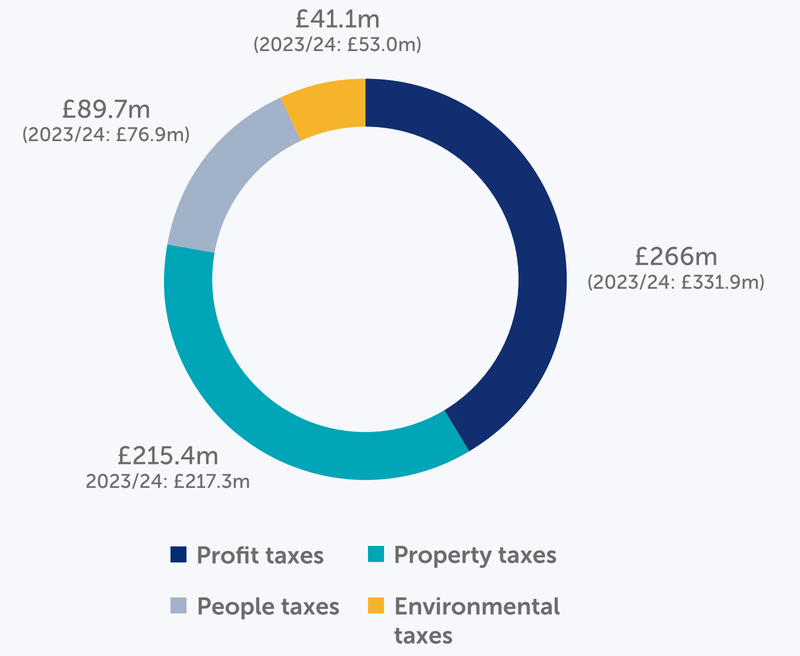
£592m

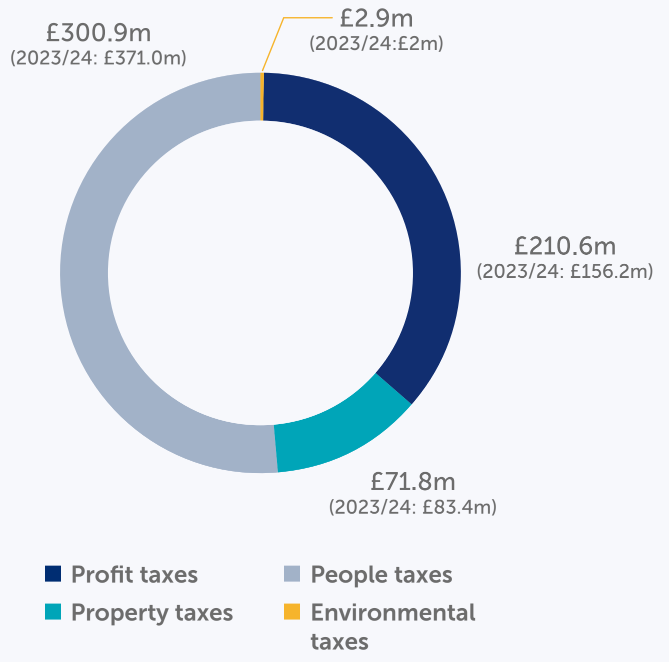
(2023/24: £679m)

Why did SSE pay more people taxes in the UK?
The increase was driven by increase in staff numbers and wage increases, resulting in more people taxes for the employer.

Why did SSE pay less environmental taxes in the UK?
SSE received an Oil Duty repayment in respect of prior year overpayments. This reduced the net amount of environmental taxes paid in the UK.

Why did SSE pay less profit taxes in the UK?
This is due to reduced profits over 2024/25 and increased capital allowances claimed.





Taxes collected

£586m

(2023/24: £645m)

Why did SSE collect less environmental taxes in the UK?
This decrease is mainly due to the Climate Change Levy (CCL). This tax is charged on electricity and gas used by customers, and since SSE generated less electricity in the year, the amount of CCL collected went down.

Why did SSE collect less Net VAT in the UK?
This decrease was primarily due to higher VAT being reclaimed, due to the higher capital investment in the UK.

Why did SSE collect more people taxes in the UK?
There was increase in UK staff numbers and the average wage, and income tax bands remained frozen from the prior tax year, which resulted in more people taxes. This was partly offset by the reduction in employee NIC to 8% effective from 6 April 2024.

Ireland tax breakdown

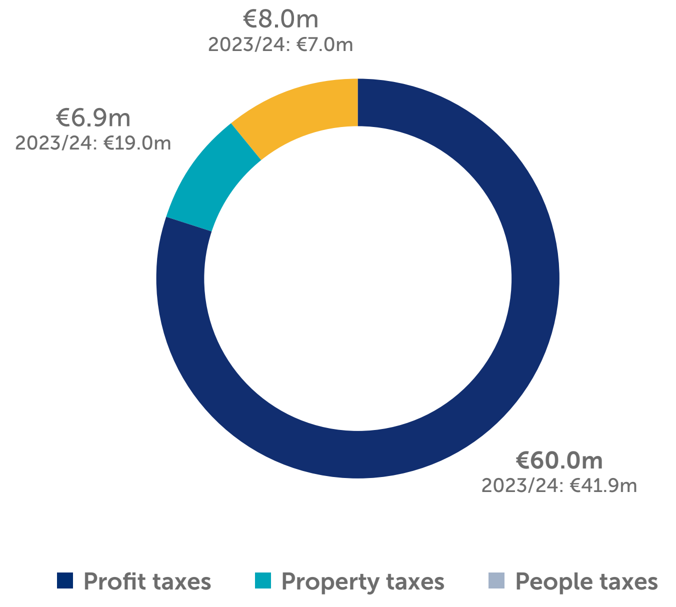
Taxes paid

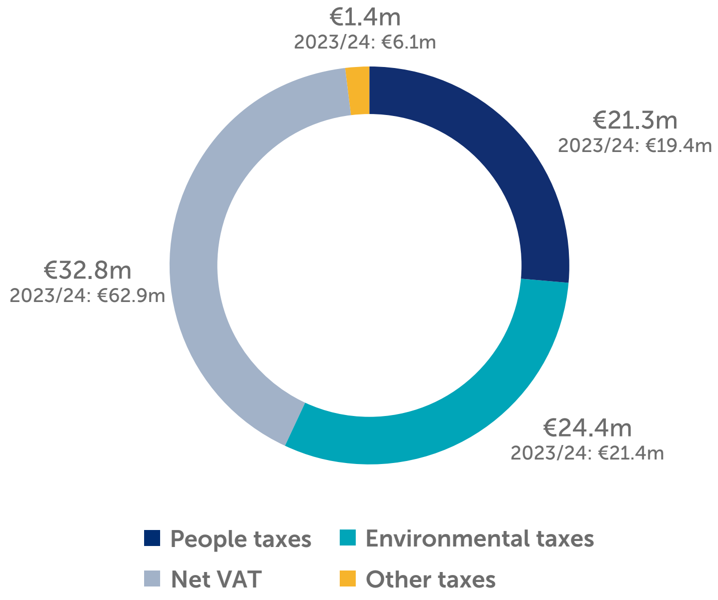
€75m (£63m)

(2023/24: €68m (£59m))

Why did SSE pay less property taxes in Ireland?
SSE paid less property taxes in comparison to the prior year due to the timing of payments, with early payments made in March 2024 as opposed to April 2024. Additionally, certain rates normally payable in March were not settled until post year end in May 2025.

Why did SSE pay more people taxes in Ireland?
Across the 2024/25 financial year the average headcount was higher compared to the average headcount across 2023/24. This, plus higher average wages, resulted in SSE paying more people taxes in Ireland.





Taxes collected

€80m (£67m)

(2023/24: €110m (£95m))

Why did SSE collect less Net VAT and other taxes in Ireland?
This decrease was primarily due to higher VAT being reclaimed, due to the higher capital investment in the UK.

Why did SSE collect more people taxes in Ireland?
Across the 2024/25 financial year the average headcount was higher compared to the average headcount across 2023/24. This, plus higher average wages, resulted in SSE collecting more people taxes in Ireland.

7. SSE's Tax Strategy

The UK's 2016 Finance Act includes requirements for large businesses to publish their tax strategy. SSE's tax strategy does not change significantly from year to year and there is a well understood, and mature, approach to tax planning, risk management and governance.

This publication of SSE's Tax Strategy below means it complies in full the duty under paragraph 16(2) of Schedule 19 of Finance Act 2016 for the year ended 31 March 2025.

1. Tax policy

SSE's Group Tax Policy underpins the pride SSE takes in paying its fair share of tax. The policy is published on sse.com and is subject to annual review by the SSE plc Board. SSE's primary tax objective is to be compliant with all tax legislation requirements. This includes making timely and accurate returns which reflect SSE's fiscal obligation to government whilst, at the same time, recognising all legislative concessions and reliefs.

The policy is owned by the Group Tax Director and is one of a suite of group-level policies that promote a healthy business culture. SSE strives to minimise its total tax liability within the framework of legislative reliefs but does not take an aggressive stance in its interpretation of tax legislation. In addition, SSE does not help its customers, suppliers, or anyone else we work with, to fraudulently underpay, or not pay, tax. SSE develops and maintains a strong working relationship with HM Revenue & Customs and other Treasury departments based on trust and cooperation.

The Tax Policy explicitly outlines the process for whistleblowing. If any employee becomes aware of anything that falls short of SSE's expected high standards of ethical conduct and compliance in relation to tax, they can raise it formally or informally, directly with their line manager or anonymously through an independent channel, Safecall.

2. Governance and accountability

- **Board:** Set the Group Risk Management and Internal Control Policy, which consists of a clear set of principles and sets out roles and responsibilities which guide the risk management culture. The Board also reviews the effectiveness of the system of internal control annually.
- **Director of Group Risk and Audit:** Produces an annual report detailing the activity and operation of the internal control system. This report includes findings from any internal audit and assurance reviews in perceived areas of risk concerning SSE's tax affairs.
- **SSE's Chief Financial Officer:** Has ultimate responsibility for tax and for ensuring compliance with Group Tax Policy and is the Senior Accounting Officer for all group companies.
- **Group Tax Director:** Has responsibility for managing all tax matters for the group and fulfilling compliance requirements, and reports into the CFO.
- **Tax and Treasury Steering Committee:** Meets monthly to discuss key tax issues in order to manage tax risk. The tax implications of significant business transactions are evaluated, and areas where tax-related decisions are required to be taken are considered.

In addition to the activity outlined above:

- A tax manual is maintained which outlines the Tax Department roles and structure, and the tax control environment and procedures;
- Regular risk reviews are undertaken to identify key tax risks and recommendations are made to allow improvements in processes and controls to be made; and
- A tax risk register is maintained which documents key risks, details the potential impact on the business and identifies existing/proposed controls which can extinguish or minimise the tax risks. From that, a work plan is prepared annually, timetabling in the compliance review activity to be undertaken.

Tax specialists in SSE are expected to:

- Apply diligent professional care and judgement when considering tax risks in line with the Group Risk Management and Internal Control Policy, and thoroughly assess tax risks in a consistent way;
- Ensure identified tax risks are supported with strong technical positions which are well documented and clearly explain the conclusion and position reached;
- Seek, where appropriate, advisory and technical support from external tax, accounting and legal advisors to resolve uncertainty or obtain assurance that a conclusion reached is reasonable;
- Maintain constructive relationships with stakeholders and ensure that tax decisions do not negatively impact on SSE's relationship with its customers, investors, regulators, or other key stakeholders; and
- Ensure that non-tax specialist colleagues who process transactions, etc., have adequate training and guidance on tax matters relevant to their role.

3. Consistency and attitude to tax planning

SSE has an obligation to keep energy prices for customers as low as possible, and to maximise shareholder returns, which includes efficiently managing the Group's total tax liability. Those considerations are consistent with SSE's duty to wider society to be a responsible corporate citizen.

The Tax Department provides an understanding of the tax consequences of key transactions from planning through to implementation to enable informed decisions. Where there are a number of options as to how a transaction may be undertaken while still delivering the same commercial outcome, the most tax efficient approach will typically be considered.

All tax decisions taken by SSE consider relevant laws, regulations and the commercial substance of any transaction and are consistent with SSE's Group Tax Policy.

4. Compliance

SSE's primary tax objective is that the Group at all times operates in accordance with all relevant laws, rules and regulations in all jurisdictions in which SSE operates.

This entails:

- Being open, honest and transparent in all correspondence with tax authorities and other regulatory bodies, ensuring full disclosure is provided;
- Following internal compliance procedures to i) produce accurate and complete tax returns which are submitted on time and ii) ensure that SSE meets its Senior Accounting Officer obligations;
- The Tax Department working with the wider business finance teams, to obtain the necessary financial information and background to significant transactions to ensure tax conclusions and returns are based on full, relevant information;
- The filing position taken on any significant or contentious items being supported by adequate documentation, together with reasoned conclusions based on the legislation in force at the time of filing. Advice is sought from SSE's external tax advisers, where it is considered necessary. Explanatory notes are added to SSE's tax computations to assist HMRC's, or the relevant overseas tax authority's, understanding of the position;
- When SSE's corporation tax computations are filed, SSE provides a summary of areas HMRC or the relevant overseas tax authority may want to focus their review, to facilitate proactive engagement. SSE also contacts the relevant tax authority to advise them of the reason for any material movements in tax payments compared with what they may have been expecting.

5. Concessions and relief

Tax incentives will be utilised where appropriate to minimise SSE's tax liability in accordance with all applicable laws, rules and regulations. Where there is any element of judgement in applying available incentives, professional judgement is applied, but an aggressive interpretation of the legislation is not adopted. This helps ensure that the Group complies with both the letter and spirit of the law.

6. Tax authority and regulator relations

The maintenance and development of a strong working relationship with HMRC and other tax authorities should be based on trust and cooperation.

SSE is subject to an annual risk assessment by HMRC and strives to achieve as low a risk rating as can be achieved by a group of SSE's size and complexity. SSE has a low risk rating and seeks to maintain that by providing full information in a timely manner and proactively and regularly engaging with HMRC and other tax authorities to explain key business transactions, minimise tax risk and provide understanding of the approach taken.

7. Tax authority enquiries and uncertain tax positions

As would be expected for a group of its size, SSE has a small number of tax enquiries ongoing with the tax authorities at any one time. In addition, under Corporate Tax Self-Assessment, SSE adopts a filing position on matters in its tax returns that may be large or complex, with the position then being discussed with the tax authorities either in advance or after the tax returns have been filed. SSE engages proactively with the tax authorities on such matters with a view to resolving them as quickly as possible.

Where SSE considers that the tax authorities may disagree with its view, and that additional tax may become payable as a result, a provision is made in SSE's accounts for the potential tax liability, which is then released once the matter has been agreed. This is in line with SSE's overall prudent approach to its tax responsibilities.

8. People development

Finally, all necessary technical reading and training is undertaken to ensure all laws and regulations are applied correctly within both the letter and spirit of the law. Training and guidance are provided to non-tax specialist colleagues on tax matters relevant to their roles and the Tax Department monitor updates and changes to tax legislation to assess the impact on the Group.

8. Glossary of terms

Alternative Performance Measures
SSE assesses the performance of the Group using a variety of performance measures. These measures are not all defined under IFRS and are therefore termed 'non-GAAP' measures. A reconciliation from these non-GAAP measures to the nearest prepared measure in accordance with IFRS is presented and described on page 162-168 of SSE's Annual Report 2025. The Alternative Performance Measures SSE uses might not be directly comparable with similarly titled measures used by other companies.

Business rates
Business rates are property taxes paid directly to local councils on most non-domestic properties. These taxes contribute towards the cost of services provided to businesses by local authorities.

Capital allowances
Capital allowances are the tax relief given to businesses for investing in capital expenditure. The rate of capital allowances given differ depending upon the type of asset involved but range from 3% for structures and buildings to 18% for plant and machinery. Full expensing can increase these rates in the first year. For more information see page 13.

Capital expenditure
Capital expenditure is money spent by a business in acquiring or constructing enduring assets such as wind farms or electricity networks that will generate profits. The expenditure is capitalised on the company's balance sheet rather than being expensed.

Climate change levy (CCL)
Climate Change Levy is a UK environmental tax which is charged on energy used by non-domestic customers in the UK. Its aim is to provide an incentive to increase energy efficiency and reduce carbon emissions.

Corporation tax
Corporation tax is the main tax a company pays on its profits. In the UK, the 'headline' rate is currently 25% and in Ireland it is 12.5%.

Deferred tax rate
Income tax that is payable in the future. Deferred tax arises because there is a difference between taxable profits and accounting profits.

Effective tax rate (ETR)
The different types of taxes SSE pays on profits are set at different rates and can vary depending on specific circumstances. To calculate its effective tax rate, SSE takes its total profit taxes paid and divides this by the value of its profits before tax. SSE's effective tax rate will vary from year to year, depending on profits made and other elements.

Environmental tax
Taxes that encourage businesses to operate in a more environmentally friendly manner. There are a number of different environmental taxes and schemes for different types and sizes of business. For SSE, the most material environmental taxes paid are Carbon Price Support / Climate Change Levy and Landfill Tax.

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

Net assets
A company's balance sheet is comprised of assets and liabilities, of a short-term (such as cash or amounts payable to suppliers) and long-term (such as buildings or bank loans) nature. The company's net assets represent the total of all assets less all liabilities.

Net zero
A target to completely eliminate greenhouse gas emissions produced by human activity, to be achieved by dramatically reducing emissions and implementing methods of absorbing carbon dioxide from the atmosphere to neutralise any residual emissions. Both the UK and Irish Governments have legislated for net zero greenhouse gas emissions by 2050.

People tax
Taxes companies pay on wages earned by their employees and collect from employee wages on behalf of governments, primarily income tax and National Insurance contributions.

Profit tax
Taxes paid on the profit a company makes. All successful businesses must pay tax on the profits they earn. Corporation tax is just one way that governments can tax profits. In the UK, SSE's profits are also subject to a Petroleum Revenue Tax which is paid on upstream oil and gas extraction activities

Property tax
Taxes paid that relate to owning or using properties and infrastructure. These include business rates, nondomestic rates on electricity network assets, and taxes on transactions when properties are bought and sold.

UN Sustainable Development Goals
The UN Sustainable Development Goals (SDGs) are a collection of 17 interlinked global goals designed to be a "blueprint to achieve a better and more sustainable future for all". The SDGs were set up in 2015 by the United Nations General Assembly and are intended to be achieved by the year 2030.

Tax avoidance
The legal usage of the tax regime, in a single territory, to one's own advantage to reduce the amount of tax that is payable by means that are within the law. A tax shelter is one type of tax avoidance, and tax havens are jurisdictions that facilitate reduced taxes. Tax avoidance is different from tax evasion (which is illegal).

Tax haven
A country or independent area where taxes are levied at a low rate. Some companies and individuals deliberately structure their financial affairs to benefit from the low tax rates being offered.

Tax planning
Tax planning is a responsible way of organising tax affairs to ensure that tax is not overpaid, understanding that modern tax regimes are complex and give the taxpayer options as to how to organise their business which in turn impacts on the duty to pay tax.

Tax relief
Tax reliefs are used by governments to encourage certain behaviours from companies, particularly to encourage them to do things that have a wider benefit to the economy. For example, there are tax reliefs for research and development and for capital investment.

VAT (Value added tax)
A tax charged on goods and services, which are either bought from suppliers, or sold to customers. VAT is both collected on behalf of, and paid to, the tax authorities.

To discuss the content of this document, please get in touch:

Email: sustainability@sse.com

sse.com

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