



# SSE Sustainability Financing Framework

December 2025



# Introduction

SSE plc is a FTSE 100 UK-listed energy company with operations and investments across the UK and Ireland. It develops, builds, operates, and invests in low-carbon electricity infrastructure in support of the transition to net zero, including onshore and offshore wind, hydro power, flexible thermal generation, electricity transmission and distribution networks, alongside providing energy products and services to customers.

SSE's purpose is to provide energy needed today while building a better world of energy for tomorrow and its vision is to be a leading energy company in a net zero world. SSE's strategy is to create value for shareholders and society in a sustainable way by developing, building, operating and investing in the electricity infrastructure and businesses needed in the transition to net zero.



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# SSE's approach to sustainability

**SSE recognises that a sustainable company is purpose-led; and that a purpose-led company is one that offers profitable solutions to the world's problems.**

Since 2019, SSE has aligned its business strategy to the UN's Sustainable Development Goals (SDGs), which provide the framework to integrate the principles of long-term sustainability within its business strategy and guide the creation of shared value. Within this framework SSE has identified four SDGs which are highly material to the business, and to which it has linked its four core 2030 Goals.

SSE's 2030 Goals have addressing the challenge of climate change at their heart, and provide a framework for the Company as it works towards its net zero ambitions, ensuring that it does this in a way that is just and fair. These four 2030 Goals are linked to Executive management goals and linked to remuneration.

## SSE's 2030 Goals

 <p><b>Cut carbon intensity by 80%</b></p>	 <p><b>Increase renewable energy output fivefold</b></p>	 <p><b>Enable low-carbon generation and demand</b></p>	 <p><b>Champion a fair and just energy transition</b></p>
<p>Reduce Scope 1 carbon intensity by 80% by 2030, compared to 2017/18 levels, to 61gCO<sub>2</sub>e/kWh.</p>	<p>Build a renewable energy portfolio that generates at least 50TWh of renewable electricity a year by 2030.</p>	<p>Enable at least 20GW of renewable generation and facilitate around 2 million EVs and 1 million heat pumps on SSEN's electricity networks by 2030.</p>	<p>Be a global leader for the just transition to net zero, with a guarantee of fair work, fair tax and sharing economic value.</p>
			

In 2022, SSE undertook a sustainability materiality assessment, supported by a third-party professional services firm, the results of which reconfirmed the highly material nature of the 2030 Goals and the core issues they are focused on.

## SSE's net zero transition plan

SSE aims to achieve net zero across its scope 1 and 2 emissions by 2040 at the latest (subject to security of supply requirements) 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 validated by the Science Based Targets Initiative (SBTi). These targets are aligned to the Paris Agreement and a 1.5°C pathway and meet the strict SBTi criteria which requires that they cover scope 1, 2 and 3 GHG emissions.

### SSE's series of SBTi-validated carbon targets are:

- Reduce absolute scope 1 and 2 GHG emissions by 72.5 % by 2030, from a 2017/18 base year;
- Reduce scope 1 GHG intensity of electricity generated by 80% by 2030, from a 2017/18 base year;
- Reduce absolute GHG emissions from use of products sold by 50% by 2034 from a 2017/18 base year; and
- Engage with 90% of suppliers by spend to set a SBT by 2030.

SSE's two economically regulated businesses, SSEN Transmission and SSEN Distribution, as part of their respective business plans, have also set their own SBTi-validated targets.

SSE's Net Zero Transition Plan sets out for stakeholders 18 key actions SSE will take to drive progress towards its net zero ambitions and its interim science-based targets, whilst also taking into account the cross-cutting issues of ensuring a just transition, climate adaptation and resilience, as well as nature restoration. SSE reports its progress against the Plan yearly in its Annual Report and Sustainability Report. A triennial Net Zero Transition Report will also be published in line with the UK Government's Transition Plan Taskforce guidance, which will be received by shareholders at SSE's Annual General Meeting for vote.

SSE's Net Zero Transition Plan and Net Zero Transition Report are available at: [sse.com/sustainability](https://sse.com/sustainability)



## SSE's approach to sustainability continued

### Investing in the net zero transition

SSE's 'Transformation for Growth' capital investment plan targets investment of £33bn across the five years to March 2030, seeking to transform the UK's electricity infrastructure and deliver long-term benefits for society. The plan features growth targets of almost doubling installed renewable generation capacity to c.9GW, and more than trebling the Regulated Asset Value of the electricity networks businesses to c.£40bn

### How SSE's businesses support net zero

SSE has a very deliberately diversified business mix that spans the clean energy value chain. These businesses, and the world-class assets they maintain, operate alongside each other to optimise growth and create long-term value. The ways in which SSE's core business units work to support the net zero transition are outlined below.

#### SSE Renewables

SSE Renewables is a leading developer and operator of renewable energy generation, focusing on onshore and offshore wind, hydro, solar and battery storage across the UK and Ireland, and in carefully selected international markets. It is driving the net zero transition through the generation of zero carbon electricity at scale from its wind farms and providing clean flexible power from its hydro schemes.

#### SSE Thermal

SSE Thermal owns and operates conventional flexible thermal generation in GB and Ireland, and around 40% of GB's conventional underground gas storage capacity, whilst actively developing opportunities for growth in carbon capture and hydrogen technology. SSE Thermal's flexible and efficient fleet of gas-fired generation will continue to play a critical role in the transition to net zero, providing reliable back-up power that complements intermittent renewable energy.

#### SSEN Transmission

SSEN Transmission operates one of the fastest growing regulated electricity networks in the world<sup>1</sup>. It owns, operates and develops the high voltage electricity transmission system in the north of Scotland and its islands and is owned 75% by SSE plc and 25% by Ontario Teachers' Pension Plan Board. This critical infrastructure is needed for a network for net zero that connects sources of renewable electricity to the national grid and transports it to areas of demand.

#### SSEN Distribution

SSEN Distribution, operating under licence as Scottish Hydro Electric Power Distribution plc (SHEPD) and Southern Electric Power Distribution plc (SEPD), serves over 3.9 million homes and businesses across central southern England and the north of Scotland. SSEN Distribution's networks cover the greatest land mass of any of the UK's Distribution Network Operators with over 75,000km<sup>2</sup> of extremely diverse terrain. The business keeps customers and communities connected while developing the flexible electricity network vital to achieving net zero.

For more information on SSE's business model, see [sse.com/about-us](https://www.sse.com/about-us).

### Ensuring a just transition to net zero

SSE recognises that the scale of the economic transformation required to deliver a net zero economy will have consequences for communities, consumers and working people. SSE's Just Transition Strategy sets out 20 principles to guide the company as it transitions into net zero places, and out of high-carbon places, ensuring that the decisions it takes are fair and that it maximises opportunities for all.

SSE is committed to developing a 'place-based' approach, recognising how important it is that the transition is grounded where it will happen, informed by the views of the people who will be most affected. To ensure accountability and track progress, SSE tracks a number of just transition KPIs covering employment, consumer fairness, and communities, and discloses progress annually.

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<sup>1</sup> Correct at time of publishing



# Rationale for establishing a Sustainability Financing Framework

**SSE is a leading investor in renewable energy infrastructure across the UK and Ireland, as well as the electricity networks critical to connecting this renewable energy.**

Sustainable finance plays a central role in supporting SSE's long-term strategy to enable the transition to a low-carbon economy. Green and Sustainability-Linked financing instruments issued under this Framework are a direct expression of SSE's commitment to responsible investment and decarbonisation.

While environmental sustainability is at the core of SSE's purpose, the company also recognises the importance of social and economic sustainability. Initiatives such as its firm commitment to paying a Living Wage in the UK and Ireland, and being Fair Tax Mark accredited for over decade, reflect SSE's broader values. Participation in green capital markets supports this comprehensive approach to sustainability and responsible business.

This Framework enables SSE to issue a range of sustainable financing instruments – including Green Bonds and Loans (Use of Proceeds format), and Sustainability-Linked Bonds and Loans. These instruments contribute to Sustainable Development Goal (SDG) 13, by financing renewable energy and supporting the connection of future low-carbon generation to the energy system.

In response to evolving market standards and investor expectations, SSE consolidated its 2019 Green Bond Framework and 2021 Sustainability-Linked Bond Framework into a unified Sustainability Financing Framework in August 2023. **Key features include:**

- **Integrated Structure:** A single Framework aligning with the International Capital Market Association's (ICMA's) Green and Sustainability-Linked Bond Principles and the Loan Market Association's (LMA's) Green and Sustainability-Linked Loan Principles.
- **EU Taxonomy Alignment:** Use of Proceeds are aligned with the Technical Screening Criteria of the EU Taxonomy

This unified Framework reflects SSE's enterprise-wide commitment to sustainable financing and supports its strategic business goals. It is subject to periodic updates, which will be published on SSE's website.





## Alignment with external frameworks and standards

The aim of this Sustainability Financing Framework is to facilitate transparency, disclosure, integrity and quality in SSE's Green and Sustainability-Linked financing for interested stakeholders. To achieve this, SSE has aligned to key external frameworks and standards.

### ICMA Green and Sustainability-Linked Bonds Principles and LMA Green and Sustainability-Linked Loan Principles

The Framework is aligned for Use of Proceeds issuance with the ICMA Green Bond Principles (GBP) 2025<sup>2</sup> and the LMA Green Loan Principles (GLP) 2025<sup>3</sup>.

For Sustainability Linked issuance the Framework is in alignment with the ICMA Sustainability-Linked Bond Principles (SLBP) published in June 2024<sup>4</sup>. Substantially similar core components are outlined under the Sustainability Linked Loan Principles 2025<sup>5</sup>, published by the LMA in connection with Sustainability-Linked Loans.

### EU Taxonomy and EU Green Bond Standard

This Framework is focused on climate solutions that are aligned to the Technical Screening Criteria of the EU Taxonomy.

Green Projects eligible under this framework comply with the technical screening criteria for substantial contribution to climate change mitigation. SSE will align with the requirements of the Do No Significant Harm (DNSH) criteria, as well as the minimum safeguards outlined in Regulation (EU) 2020/852 on a best effort basis.

SSE intends to follow the best market practice as the regulation and market standards develop. The Framework follows, on a best effort basis, the recommendations of the latest proposed EU Green Bond Standard.

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<sup>2</sup> ICMA 2025 Green Bond Principles can be accessed [here](#)

<sup>3</sup> LMA 2025 Green Loan Principles can be accessed [here](#)

<sup>4</sup> ICMA 2024 Sustainability-Linked Bond Principles can be accessed [here](#)

<sup>5</sup> LMA 2025 Sustainability-Linked Loan Principles can be accessed [here](#)



# 1. Green Financing Framework

The Green Financing Framework is made of the following four core sub-components:

- 1.1 Use of proceeds;
- 1.2 Process for project evaluation and selection;
- 1.3 Management of proceeds; and
- 1.4 Reporting.



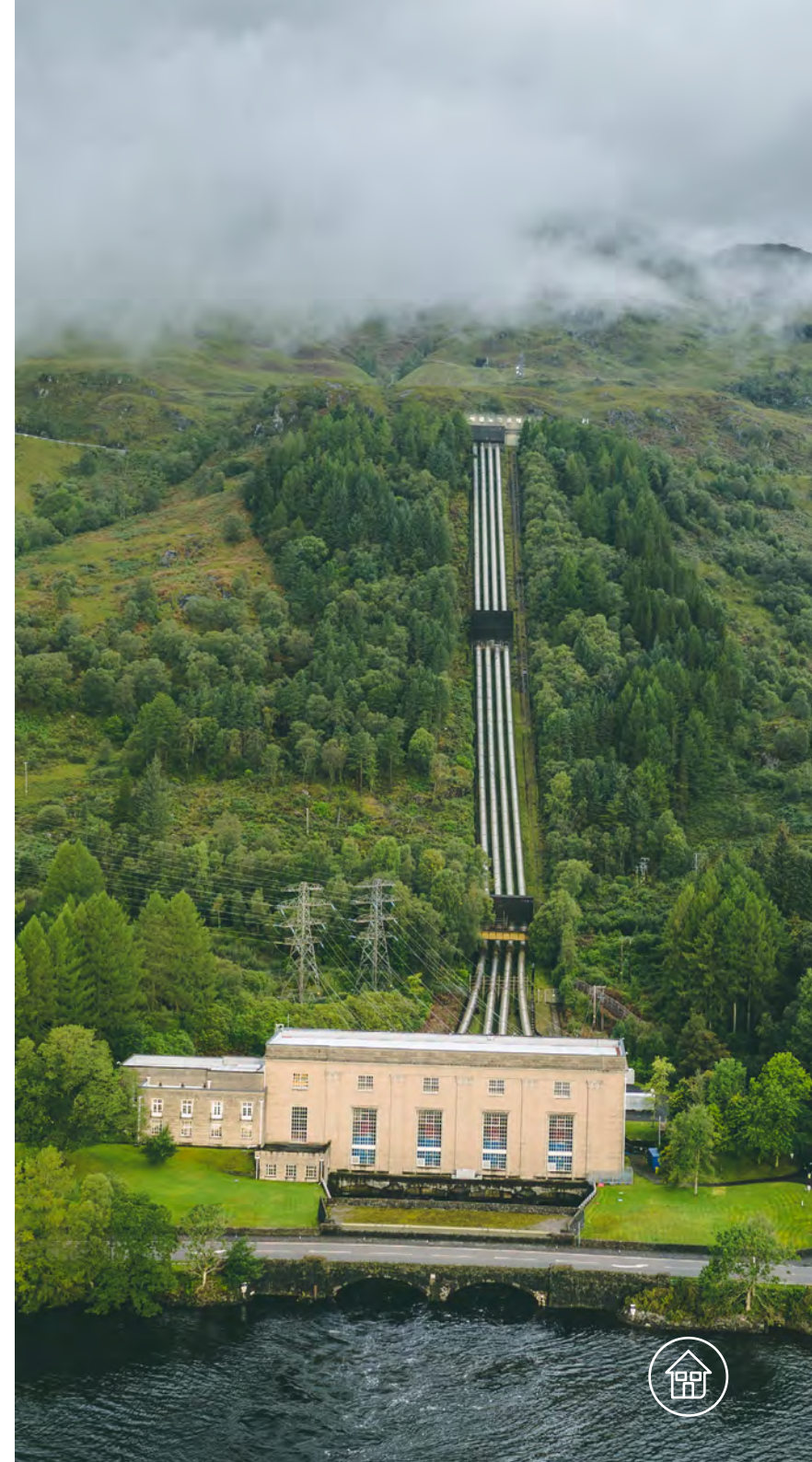
## 1. Green Financing Framework

### 1.1 Use of proceeds

The net proceeds from the issuance of Green Financing will be used to finance or refinance Eligible Green Projects that are in pre-construction, under construction or have completed in the previous 36 months. This will include costs relating to development, acquisition, maintenance and/or operation expenditure. SSE commits to allocate the net proceeds of any financing issued under this Framework exclusively to Eligible Projects. These projects will comply with the Eligibility Criteria as defined by the relevant EU Taxonomy technical screening criteria for climate change mitigation, a summary of which is set out in the table below.

Relevant Eligible Green Project Categories	Project Type	Relevant SSE Business Units	Relevant EU Taxonomy Technical Screening Criteria
Renewable energy	Electricity generation facilities that produce electricity from renewable sources. This includes wind (onshore and offshore).	SSE Renewables	4.3 Electricity generation from wind power
Electricity networks	Transmission network infrastructure that facilitates the transition to lower-carbon electricity systems.	Scottish Hydro Electric Transmission plc (SSEN Transmission)	4.9. Transmission and distribution of electricity

The above activities contribute to SDG 7 Affordable and Clean Energy and SDG 13 Climate Action.



## 1. Green Financing Framework

### 1.2 Process for project evaluation and selection

The exercise of project evaluation and selection is carried out by the Head of Group Funding and then reviewed and approved by the Group Treasurer. The Group Treasurer is responsible for the governance of liquidity and execution of funding structures for the company and will have ultimate responsibility for reviewing all of SSE's existing projects which have been completed in the past 36 months, at the pre-construction stage or in construction and determining those which could be eligible in the Green Financing Framework for refinancing. The main selection criteria for a project to be eligible is that it must contribute to a positive environmental impact, support SSE's commitment to the ongoing reduction of the carbon intensity of its electricity generation and support SDG 13 (take urgent action to combat climate change and its impacts).

This Group Treasurer will also review on an annual basis the ownership of all existing projects included in the Green Financing Framework, as well as any new project which may be eligible to be included within the portfolio of projects for future Green Financing refinancing. SSE strives to bring about positive environmental impacts from its operational and capital activities and may update its selection criteria in accordance with any developments in SSE's sustainability and environmental policies.

In addition to the Group Treasurer's review, for any investment of greater than £40m, SSE operates its Large Capital Project Governance Framework. This Framework ensures through a gate process that all large capital investment projects for the SSE Group are governed, developed, approved and executed in a consistent and effective manner, with consideration of best practice in project delivery, safety and sustainability (economic, environmental and social).

### 1.3 management of proceeds

To ensure transparency and avoid any risk of double counting, SSE has established a dedicated internal process to track and monitor the allocation of net proceeds from Green Finance Instruments. This process enables clear traceability of funds through an internal tracking system. The proceeds of Green Financings are to be used for the refinancing and financing of Eligible Green Projects. The proceeds from the financing will be directly allocated to the refinancing of the projects to the level of capital expenditure spent at the time of settlement and will then be allocated on a monthly basis to projects to cover ongoing capital expenditure.

For proceeds that cannot be allocated to refinancing of projects at settlement, SSE will temporarily hold the funds in either deposits within its relationship banking group or liquid money market fund. Funds held on deposit will be monitored by the Group Treasurer of SSE until fully allocated.



In the event of divestment of any included project, either completed or under construction, SSE will include other Eligible Green Projects in the same categories outlined in Section 1, which are aligned with the above mentioned criteria. Where possible, SSE will seek to maintain a ratio of 1.2:1 of over collateralised eligible Green assets to Green Financing. Auditors or any other third party appointed by SSE will verify the internal tracking method and the allocation of funds from the Green Bond proceeds to the Eligible Green Projects.



## 1. Green Financing Framework

### 1.4 Reporting

#### Allocation reporting

Allocation reporting will be available annually until full allocation to investors within one year from the date of the Green Bond issuance. In the first report after issuance, allocation of proceeds will be shown up to the level of refinancing capital expenditure on projects already spent, any proceeds that remain on deposit and still to be allocated will be reported the following year.

**The allocation report may include the following information:**

- The total allocated amount to Eligible Green Projects, broken down by project category
- The share of proceeds used for new financing versus refinancing
- The remaining balance of unallocated proceeds
- The geographic distribution of the Eligible Green Projects, disaggregated by country
- The proportion of the Eligible Green Project Portfolio that is aligned with the EU Taxonomy

Where SSE refinances its equity share within a joint venture it will be reported on an equity stake basis. Should there be any variance in the initial allocation reporting, such as divestments, SSE will duly update the allocation report within one year. For the financings done under this Framework by any of SSE's subsidiaries, SSE will include in the allocation report the information corresponding to the Eligible Green Projects financed by the subsidiaries.

Auditors or any other third-party appointed by SSE will verify the internal tracking method and the allocation of funds from the Green Financing proceeds to the Eligible Green Projects.

#### Impact reporting

SSE will annually, and until the maturity of the Green financing, provide investors with information on its investor website ([sse.com/investors/debt-investors](https://sse.com/investors/debt-investors)) regarding the environmental impact of the category of projects. This reporting will include relevant environment metrics related to the Eligible Green Projects, for example the estimated qualifying emissions avoided, expected electricity capacity and output, and electricity flows from transmission investments.

For the financings done under this Framework by any of SSE's subsidiaries, SSE will include in the impact report the information corresponding to the Eligible Green Projects financed by the subsidiaries. Where possible, SSE will report on the actual environmental impact of the projects financed. In cases where actual impact data is not yet available or feasible to obtain, SSE will report on the expected impact based on best available estimates, methodologies, and data sources.



## 2. Sustainability-Linked Financing Framework

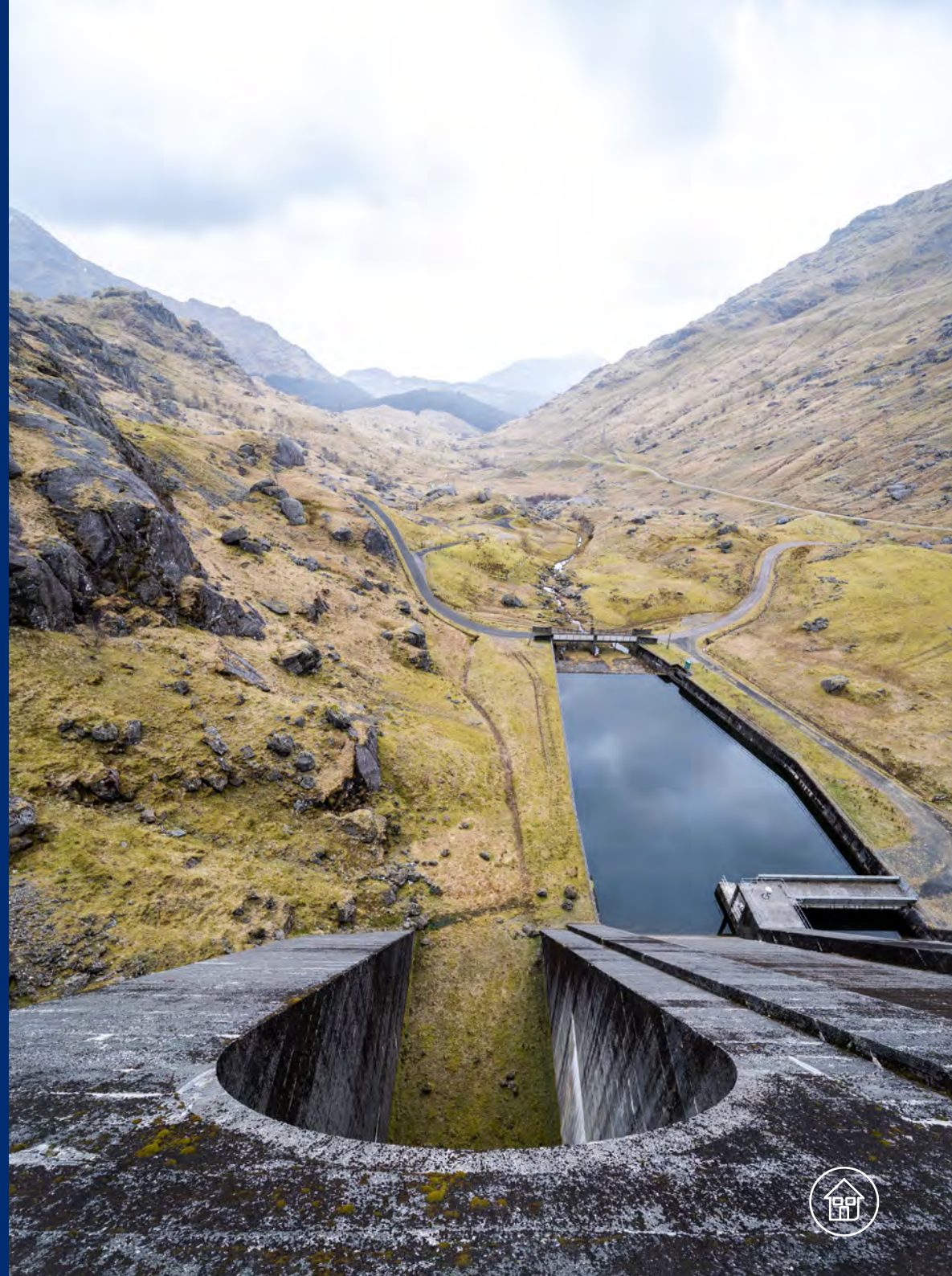
The Sustainability-Linked Financing Framework has been developed in alignment to the Sustainability-Linked Bond Principles 2024 (SLBP)<sup>6</sup> as administered by the International Capital Market Association (ICMA), and to the Sustainability-Linked Loan Principles 2025 (SLLP)<sup>7</sup> as published by the Loan Market Association (LMA).

The Principles above have five core components:

- 2.1 Selection of Key Performance Indicators (KPIs);
- 2.2 Calibration of Sustainability Performance Targets (SPTs);
- 2.3 Financing characteristics;
- 2.4 Reporting; and
- 2.5 Verification

<sup>6</sup> ICMA 2024 Sustainability Linked Bond Principles can be accessed [here](#)

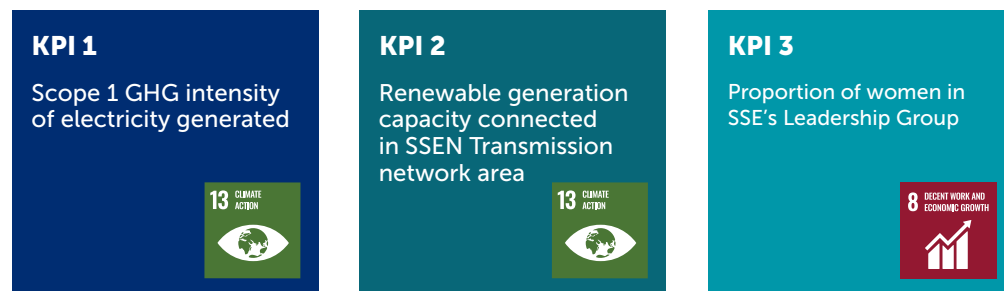
<sup>7</sup> LMA 2025 Sustainability Linked Loan Principles can be accessed [here](#)



## 2. Sustainability-Linked Financing Framework

### 2.1 Selection of the Key Performance Indicators (KPIs)

Aligned with this strategy, SSE has selected the following three KPIs, which are core, relevant, and material to its business and measure progress against SSE's sustainability commitments.



#### KPI 1: Scope 1 GHG intensity of electricity generated

##### Definition, rationale and materiality

SSE is committed to tackling climate change by accelerating the build-out of renewables, system flexibility, and electricity networks essential for a net zero future. As electricity generation is the largest source of SSE's direct climate impact, reducing carbon intensity is a key performance metric in its transition to a low-carbon energy system.

In 2023/24, scope 1 GHG emissions from electricity generation accounted for 47% of SSE's total emissions, underscoring the material importance of this KPI. SSE's central near-term science-based target, validated by the Science Based Targets Initiative (SBTi), is to reduce Scope 1 GHG intensity of electricity generated by 80% by 2030/31, from a baseline of 370gCO<sub>2</sub>e/kWh in 2017/18 to 61gCO<sub>2</sub>e/kWh. This target is aligned with the Paris Agreement and a 1.5°C pathway.

By 2024/25, SSE had achieved a carbon intensity of 218gCO<sub>2</sub>e/kWh, representing a 29% reduction to date from the base year. This KPI is fundamental to SSE's ambition to achieve net zero scope 1 and 2 emissions by 2040.

##### Methodology for calculating the KPI

The intensity ratio is based on:

1. SSE's total scope 1 GHG emissions in carbon dioxide equivalent (CO<sub>2</sub>e) in grams; and
2. Total electricity output from SSE's electricity generation in kWh, including both thermal (gas, oil, biomass, coal, multifuel<sup>8</sup>) and renewables (onshore and offshore wind, hydro, pumped storage, solar and battery energy storage systems).

SSE follows leading reporting standards including the UK Government's Environmental Reporting Guidelines, the Greenhouse Gas Protocol, and ISO 14064-1:2018. Where appropriate, methodologies are aligned with sector best practices for emissions measurement and disclosure.

#### Baseline and Historical Performance

Metric	Unit	Base year 2017/18	2020/21	2021/22	2022/23	2023/24	2024/25
Scope 1 – Carbon Intensity from Electricity Generation	gCO <sub>2</sub> e/kWh	307	288	259	254	205	218

#### Assurance and reporting

SSE conducts annual assurance, with details available in the Sustainability Reporting and Performance webpage ([sse.com/sustainability/reporting-and-performance](https://sse.com/sustainability/reporting-and-performance)), which is valid for 12 months and published annually. SSE reports target performance (past and future) in its Annual Report and Sustainability Report.

#### KPI 2: Renewable generation connected in SSEN Transmission network area

##### Definition, rationale and materiality

Connecting more renewables to the electricity grid is crucial for the transition to net zero, and this is a highly material topic for SSE. SSE, through its SSEN Transmission<sup>9</sup> subsidiary, operates one of the fastest growing regulated electricity networks in the world<sup>10</sup>. This network plays a critical role in supporting the delivery of the UK's net zero ambitions by connecting new renewable generation in the north of Scotland and transporting the power generated to the people and businesses that need it in the south.

SSEN Transmission plans to invest around £22bn to upgrade its network across the five years to 2030. This is one of the largest-ever investments in the north of Scotland and will support the connection of an additional 11GW of renewable generation capacity to the network.

<sup>8</sup> Coal-fired and multifuel generation assets have been phased out of SSE's portfolio. These assets are not present in the energy mix from 2021/22 onwards.

<sup>9</sup> SSEN Transmission operates and develops the high voltage electricity transmission system in the north of Scotland and its islands and is owned 75% by SSE plc and 25% by Ontario Teachers' Pension Plan Board.

<sup>10</sup> Correct at time of publishing.



## 2. Sustainability-Linked Financing Framework

### Methodology for calculating the KPI

- Renewable generation capacity connected within SSEN Transmission network area, measured in GW. Includes pumped storage and battery energy storage system capacity.
- The KPI is measured on a cumulative basis, measured at the end of each financial year (31 March).
- While the network is 75% owned by SSEN Transmission, it is the network operator and the below represents 100% of the renewable generation connected to the network.

### Historical Performance

Metric	Unit	2020/21	2021/22	2022/23	2023/24	2024/25
Renewable generation connected in SSEN Transmission network area	GW	6.4	7.5	8.9	9.0	10.6

### Assurance and reporting

This data is not subject to external assurance but is reported on an annual basis to the energy regulator, Ofgem. SSE reports target performance (past and future) in its Annual Report and Sustainability Report.

### KPI 3: Proportion of women in SSE's Leadership Group.

#### Definition, rationale and materiality

This KPI measures the percentage of women in SSE's Leadership Group, defined as employees at Organisational Level (OL) 18 and above – a senior pay band with associated leadership responsibilities and benefits.

A skilled and diverse workforce has been identified through SSE's materiality assessment as a key driver of long-term value and social impact. Increasing gender representation at senior levels contributes to inclusion, better decision-making, and supports SSE's wider net zero transition, recognising that innovation thrives in diverse leadership environments.

The strategy is reviewed biennially, with the latest 2024/25 review confirming its relevance and incorporating updates based on employee feedback and best practice. Increasing women's representation at senior levels is also a key enabler in reducing the gender pay gap and promoting equity across the organisation.

### Methodology for calculating the KPI

- Leadership Group includes all employees at OL18 and above, as defined by SSE's HR policy.
- Women's representation is calculated as the percentage of female leaders relative to total Leadership Group population headcount.

### Historical Performance

Metric	Unit	2020/21	2021/22	2022/23	2023/24	2024/25
Woman's representation in SSE's Leadership Group	%	22.2	23.7	25.2	26.4	27.7

### Assurance and reporting

SSE conducts annual assurance, with details available in the Sustainability Reporting and Performance webpage ([sse.com/sustainability/reporting-and-performance](https://sse.com/sustainability/reporting-and-performance)), which is valid for 12 months and published annually. SSE reports target performance (past and future) in its Annual Report and Sustainability Report.



## 2. Sustainability-Linked Financing Framework

### 2.2 Calibration of Sustainability Performance Targets (SPTs)

To enable meaningful, enterprise-level sustainability-linked financing, SSE has established a set of three Sustainability Performance Targets (SPTs). These are primarily drawn from SSE's 2030 Goals, which focused on addressing the challenge of climate change in a just and fair way.

**SPT 1:** Reduce the scope 1 GHG intensity of electricity generated by 80% by 2030, from a 2017/18 base year, to 61gCO<sub>2</sub>e/kWh.

**SPT 2:** Enable the connection of at least 20GW of renewable generation capacity within SSEN Transmission network area by 2030.

**SPT 3:** Increase the representation of women in SSE's Leadership Group to 40% by 2030.

The SPTs reflect SSE's core decarbonisation and ESG priorities and provide a credible basis for aligning financial instruments with sustainability outcomes.

The target observation date for each SPT will be specified in the relevant transaction documentation, such as the Final Terms of a Sustainability-Linked Bond or equivalent instruments, ensuring transparency and alignment with market standards.

#### **SPT 1: Reduce the scope 1 GHG intensity of electricity generated by 80% by 2030, from a 2017/18 base year, to 61gCO<sub>2</sub>e/kWh**

Metric	Unit and target	Target observation date	Base year
Carbon intensity of electricity generated	61gCO <sub>2</sub> e/kWh	31 March 2031	2017/18

#### **Ambition of the target**

Reduce the carbon intensity of SSE's Scope 1 GHG emissions by 80% by 2030, from a 2017/18 base year, reaching 61gCO<sub>2</sub>e/kWh. This target is one of SSE's core 2030 Goals and is aligned to a 1.5°C science-based pathway, validated by the Science Based Targets Initiative (SBTi).

This target is Paris-aligned, designed to reflect the decarbonisation trajectory required to limit global warming to 1.5°C. It represents a substantial and challenging transformation of SSE's generation portfolio. The pathway requires deep emissions reductions within a relatively short timeframe, under variable system and market conditions, including weather impacts on renewable output and evolving demand for flexible generation. It exceeds industry norms and reflects SSE's science-aligned leadership in the energy transition.

#### **Strategy to reach the target**

- Nearly double installed renewable generation capacity to c.9GW by 2030, with a secured pipeline of c.18GW, including major offshore and onshore wind projects.
- Phase down high-carbon generation, including reduced output and eventual retirement of unabated gas assets.
- Deploy low-carbon flexible technologies such as carbon capture, hydrogen, and pumped storage to support system balancing.
- Optimise generation operations to reduce thermal load factors and emissions intensity over time.
- Integrate transition plans through the Net Zero Transition Report 2025, which sets out emissions reduction levers and investment priorities.

#### **SPT 2: Enable the connection at least 20GW of renewable generation capacity within SSEN Transmission network area by 2030.**

Metric	Unit and target	Target observation date	Base year
Load-related capital expenditure	20GW	31 March 2031	N/A



## 2. Sustainability-Linked Financing Framework

### Ambition of the target

This target underpins the largest investment in Scotland's electricity network since the 1950s and is central to delivering a Clean Power System by 2030, aligned with UK Government policy.

SSEN Transmission plans to invest around £22bn to upgrade its network across the five years to 2030. This investment will facilitate an additional 11GW of renewable generation connected to the network – contributing 20% of the UK's 50GW offshore wind target. With over 70GW of renewable projects contracted to connect to the north of Scotland network, this capital investment is critical to enabling large-scale renewable deployment, accelerating decarbonisation, and replacing fossil-based generation. The scale and speed of this investment reflects SSEN Transmission's leadership role in delivering a Network for Net Zero.

### Strategy to reach the target

- Accelerate grid connection processes, collaborating with the Electricity System Operator (ESO), UK Government, and regulatory bodies to fast-track renewable projects.
- Invest around £22bn across the five years to 2030, to support the delivery of SSEN Transmission's RIIO-T3 Business Plan.
- Deliver Beyond 2030 upgrades, ensuring the long-term resilience of Scotland's transmission network.
- Secure regulatory approval and stakeholder support for major capital programmes, including coordination with UK 'Mission Control' and Ofgem.
- Engage in connection reform, helping unlock and optimise over 70GW of pipeline projects while mitigating bottlenecks and constraint risks.

### SPT 3: Percentage of Women in Leadership Group to be increased to 40% by 2030/31

Metric	Unit and target	Target observation date	Base year
Women in SSE's Leadership Group	40%	31 March 2031	N/A

### Ambition of the target

This target is both ambitious and progressive within the context of the energy sector, which has traditionally been dominated by men. SSE's 40% leadership target exceeds the industry norm (typically 33-35% for managerial roles) and aligns with external benchmarks, including the POWERful Women initiative and the FTSE Women Leaders Review. It reflects SSE's commitment to equity, innovation, and inclusive growth in a historically underrepresented sector.

### Strategy to reach the target

- Targeted inclusive recruitment: Inclusive hiring standards for senior roles, diverse shortlists and panels, promotion of flexible working, and a dedicated "Women in Power" careers microsite.
- Leadership accountability and education: Engagement of senior leaders as sponsors of diversity, inclusive leadership training, and internal role models to promote visibility and culture change.
- Structured talent development: Development programmes to support the progression of women into senior roles, aligned with career pathways and performance metrics.
- Cultural integration: Ongoing embedding of diversity goals across business practices, informed by feedback from internal communities such as Gender Balance and Belonging in SSE.

### Factors that may influence SSE's selected KPIs performance

- Weather and Energy System Dynamics: Variability in weather and renewable generation output can affect annual carbon intensity, while system demand may increase reliance on thermal assets during periods of low clean supply
- Planning, Regulatory, and Policy Environment: Delays in planning and consenting, evolving regulatory frameworks, or changes in policy incentives may impact the delivery timeline and prioritisation of both infrastructure projects and grid connections
- Supply Chain and Labour Constraints: Pressures on materials sourcing, skilled labour availability, and logistics – exacerbated by geopolitical or macroeconomic instability – could influence the pace and cost of capital projects
- Talent Market Conditions: Challenges in attracting and retaining diverse talent, particularly women in leadership and STEM roles, may affect progress on inclusion-focused KPIs



## 2. Sustainability-Linked Financing Framework

### 2.3 Financing characteristics

Unless otherwise specified, net proceeds from SSE's Sustainability-Linked Bonds (SLBs) and Sustainability-Linked Loans (SLLs) will be used for general corporate purposes. These instruments incorporate one or more Key Performance Indicators (KPIs) and associated Sustainability Performance Targets (SPTs), as defined in this Framework.

If SSE fails to meet the relevant SPT(s) on the Target Observation Date, or if verification or reporting requirements are not fulfilled as outlined in this Framework, a Trigger Event will occur. This may result in a margin adjustment, coupon step-up, or premium payment, depending on the terms of the specific transaction.

#### Each transaction will specify:

- The selected KPI(s) and SPT(s), including baselines and observation dates
- The applicable financial adjustment mechanism and its parameters
- Any relevant fallback or exception provisions

Only one financial or structural adjustment will be applied over the life of a given transaction, unless otherwise stated in the legal documentation.

Regarding SLLs, SSE commits to setting annual Sustainability Performance Targets (SPTs) in alignment with the LMA Sustainability-Linked Loan Principles, maintaining the approach adopted since our inaugural transaction to ensure transparency, ambition, and accountability in its sustainability performance.

#### Recalculation Policy

SSE may revise a KPI, its baseline, or associated SPT under defined circumstances ("Recalculation Events"), including:

- Material changes in methodology, data quality, or emission factors
- Significant corporate structural changes, such as acquisitions, divestments, or reorganisations
- New or amended laws, regulations, or disclosure requirements
- Discovery of material data errors or limitations affecting KPI integrity
- The need to align with updated market standards or external benchmarks

Any recalculations will be carried out in good faith and validated by an independent verifier to ensure the revised targets are equally or more ambitious than originally defined. Changes will be clearly disclosed in SSE's sustainability-linked reporting.

### 2.4 Reporting

SSE is committed to transparent and timely disclosure of its performance against the Sustainability Performance Targets (SPTs) set out in this Framework. Reporting will be published annually on SSE's investor website ([sse.com/investors/debt-investors](https://sse.com/investors/debt-investors)) and will continue until each SPT is met or the related instrument reaches maturity. Disclosures may be integrated into SSE's Annual Report, Sustainability Reporting Suite, or published as a standalone Sustainability-Linked Progress Report. The report will include:

- Performance data for each KPI, including relevant baselines, methodologies, and a statement on whether the associated SPT has been achieved
- The Verification Assurance Certificate from an independent third-party verifier
- Relevant information to enable investors to monitor progress, including qualitative or quantitative explanations of key performance drivers, material operational or strategic developments, and – where applicable – sustainability impacts
- Any recalculations or restatements of KPIs, SPTs, or baselines, along with rationale

For each SPT, SSE will also disclose the Target Observation Date and the corresponding Reporting Date for performance publication.

In terms of SLLs, SSE commits to provide, at least annually, a Sustainability Confirmation Statement to participating lenders, outlining performance against the relevant SPTs and the corresponding impact, including pricing and timing, on the loan's economic characteristics, in line with the LMA's Sustainability-Linked Loan Principles (SLLP).

### 2.5 Verification

SSE will obtain independent third-party verification of performance against each SPT, conducted annually and at each Target Observation Date by a qualified assurance provider. Where applicable, historical sustainability information included in this Framework has been subject to external verification, with details provided in the relevant sections and/or referenced sustainability reports.

A Verification Assurance Certificate confirming whether each SPT has been met will be published on SSE's website, either within the annual Sustainability-Linked Progress Report or as a standalone 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 transaction documentation.



# Second Party Opinion of SSE's Sustainability Financing Framework

SSE has obtained a Second Party Opinion (SPO) from S&P Global Ratings, a qualified external reviewer, to assess the alignment of this Sustainability Financing Framework with relevant market principles, including the Green Bond Principles (2025), Green Loan Principles (2025), Sustainability-Linked Bond Principles (2024), and Sustainability-Linked Loan Principles (2025), as published by ICMA, LMA, LSTA, and APLMA.

The SPO evaluates the Framework's transparency, governance, and alignment with these voluntary guidelines and confirms the robustness of SSE's approach to both use-of-proceeds and performance-based sustainable finance instruments.

The Second Party Opinion can be found at [sse.com/investors/debt-investors](https://sse.com/investors/debt-investors).



## Appendix

### Amendments to this Framework

SSE's Head of Group Funding and Group Treasurer will review this Sustainability Financing Framework on a regular basis to ensure continued alignment with evolving market practices, investor expectations, and updated guidance from ICMA, LMA, and other relevant institutions.

The Framework may also be updated in response to material changes in SSE's corporate structure, ESG strategy, methodology, or the calibration of any KPI or SPT. Any updates that are not minor in nature will be subject to the prior review and approval of S&P Global Ratings or another qualified SPO provider.

Any revised version of the Framework will aim to maintain or enhance current levels of transparency, ambition, and reporting. The updated Framework will be published on SSE's website and, unless stated otherwise, will apply to all future sustainable finance instruments.





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