At the heart of the clean energy transition

SSE plc Annual Report 2025

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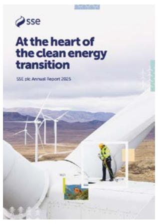

A bird's-eye view across SSE's Bhlaraidh wind farm. Located in the Great Glen north west of Invermoriston, Bhlaraidh's 32 turbines have an installed capacity of 108MW.

Annual Report

Sustainability Report

Net Zero Transition Report

Inclusion and Diversity Report

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About our reporting

The Annual Report is the centrepiece of SSE's communications to shareholders and wider stakeholders. It aims to give a fair, balanced and understandable overview of progress during the year, meeting the spirit as well as the letter of all reporting requirements.

SSE supports the evolving sustainability reporting standards, which aim to ensure companies tell an integrated story, and the Company's sustainability disclosures are based on the 'double materiality' principle. SSE's required sustainability disclosures are included here, with additional detail in the separate Sustainability Report, published at the same time.

APM 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 from page 162. The Alternative Performance Measures SSE uses might not be directly comparable with similarly titled measures used by other companies.

Who we are

We are a leading UK-listed energy company that invests in, develops, builds and operates electricity infrastructure and businesses needed for a clean, secure and affordable energy system. 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.

Our year at a glance

Thanks to the resilience of our business mix, we met our financial objectives in 2024/25 and invested in the critical national infrastructure needed for the future energy system.

Group operating profit

£2,419.2m
Adjusted

£1,962.2m
Reported

Earnings Per Share

160.9p
Adjusted

108.2p
Reported

Dividend

64.2p

Adjusted investment and capex

£2.9bn

Safety (TRIR) per 100,000 hours worked

0.16

Economic contribution UK/ROI

£7.88bn/ €0.95bn

Read more on pages 14 and 17

Highlights of the year

Martin Pibworth appointed SSE's new Chief Executive
Page 12

CFO Barry O'Regan on meeting our financial objectives
Page 17

Connecting Shetland for the first time
Page 36

Yellow River drives Ireland's green transition
Page 31

Slough Multifuel powers energy from waste
Page 33

Exceptional storm draws exceptional response
Page 38

Our story

SSE's role at the heart of the energy transition

In the transition to a cleaner, more secure and more affordable energy system, SSE is leading the way through the work it does in renewables, networks and system flexibility.

Our approach

A low-carbon economy needs clean, renewable energy that is supported by electricity networks to bring power to where it's needed and backed up by flexible generation.

We develop, build and operate all three pillars of the energy transition, while contributing to society through low-carbon jobs, community investment, critical services and taxes.

This provides balanced exposure across the energy value chain that generates returns, so the Group can continue to invest at scale in infrastructure that's vital to both net zero and an affordable, resilient energy system.

SSE is a clean energy pioneer, with roots that go back to large hydro-electric and transmission projects in the earliest days of electrification. We continue to bring investment and innovation to assets that are revolutionising the energy system.

As the climate emergency intensifies, policymakers in our primary UK and Ireland markets are working to meet stretching clean energy targets.

SSE is ideally placed to make these ambitions a reality, both as a critical partner to governments in delivering low-carbon growth and as a national clean energy champion.

We have a highly attractive opportunity to create more value for our stakeholders and society, while benefiting the planet.

Although we're clear about the risks and challenges of delivering infrastructure at this scale, we remain uniquely placed to contribute to a sustainable, responsible pathway to clean energy that leaves no one behind.

While SSE is dedicated to providing energy for our customers today, we also expect to invest significantly over the five years to 2027 through our Net Zero Acceleration Programme Plus – a plan that's building the clean, secure and affordable energy system of the future.

Our purpose

To provide energy needed today while building a better world of energy for tomorrow.

Our vision

To be a leading energy company in a net zero world.

Our values

SSE defines a healthy business culture as "doing the right thing", which is underpinned by the "SSE SET" of six core values:

Safety
If it's not safe, we don't do it.

Service
We can be relied upon to deliver.

Efficiency
We focus on adding value.

Sustainability
We do the right thing for people and the planet.

Excellence
We innovate to improve the way we do things.

Teamwork
We work together in an inclusive and collaborative way.

SSE's place in the future energy system

How our balanced portfolio is powering change

SSE is helping to create a new type of power system driven by clean renewable energy, flexible generation and grids which enable decarbonisation.

We have a unique portfolio that rewards shareholders with both index-linked earnings from our economically regulated networks and increased market exposure from our renewables and flexible assets.

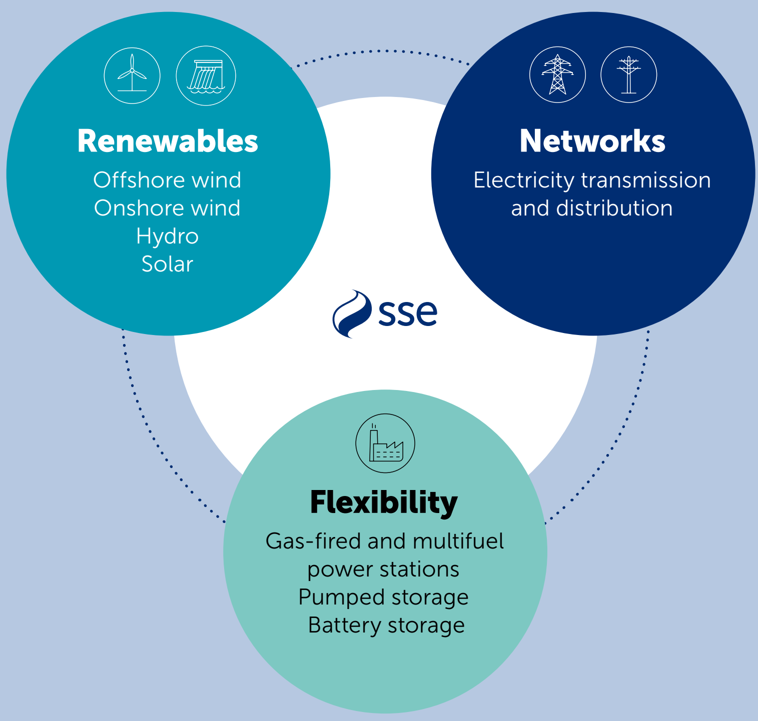
Our customer-facing businesses give us further resilience and diversity as a Group as well as direct interaction with the society we serve.

We also trade and sell energy to maximise value for SSE's assets, and we support our businesses through shared central services.

Renewables: Providing clean and affordable home-grown energy is mission-critical as societies phase out fossil fuels in favour of natural sources of power such as wind, water and the sun.

Networks: Ensuring that we can transport renewables generation to where it's needed is another key part of the electrification of the economy and our net zero future.

Flexibility: Balancing the grid system when the wind doesn't blow is vital to keeping the lights on as we decarbonise, so increasingly efficient gas-fired stations and storage technologies have a key role to play.



Energy market review

Committed to our purpose in a time of global volatility

SSE is committed to its long-term goal of building clean energy assets and networks, but we must navigate political and policy change, market sentiment and societal expectations. Climate change and the weather itself also affect SSE's operating environment. All these challenges and opportunities influence our strategy.

Addressing the climate emergency

In 2024, the world witnessed the hottest year on record, and the past decade has seen the 10 warmest years since records began. Planet-warming gases increased more quickly last year than ever before, jeopardising the 2015 Paris Agreement goal to limit climate change to 1.5 °C above pre-industrial levels. Extreme weather also made headline news; from wildfires in California to flooding in Europe and severe storms in the UK and Ireland.

These trends highlight the need for urgent global action and reinforce SSE's ambitions to lead the transition to clean energy. Wind was the largest source of electricity in the UK for the first year ever in 2024, accounting for 30% of generation, while gas produced 26.3%. SSE is proud to be playing its role in harnessing the natural power of our weather. It opened its 443MW Viking wind farm on the Shetland Islands, which is capable of powering nearly 500,000 homes annually.

But while SSE is at the heart of the energy transition, its stakeholders and its businesses also feel the effects of climate change. The weather affected the output of SSE's generational fleet in 2024/25 see page 30. SSEN Distribution mobilised 1,100 engineers and community support teams after Storm Éowyn brought 100mph winds to parts of Scotland.

As weather patterns evolve, SSE's networks businesses will continue to keep the electricity network resilient, reliable and able to cope with increasing demand. SSE remains committed to building clean energy assets as the best long-term way to tackle climate change.

Political winds of change

Politically, 2024 was a volatile year, with a record 75 national elections held globally. In the UK, the first Labour government in 14 years was elected with a commitment to decarbonise the power system and published its Clean Power 2030 Plan to explain how to get there. The Government has made progress to streamline planning and support investment in renewables, grid upgrades and flexible generation. SSE is currently well aligned with the broad direction of UK energy policy.

The year also saw the launch of a new body to oversee the energy system. The National Energy System Operator (NESO) will be a key stakeholder for SSE, responsible for developing strategic plans for the infrastructure that supports the UK's clean power 'mission.'

In Ireland, the new government re-committed to its 2030 renewable energy targets and is focused on aligning project delivery with economic growth.

SSE will continue to work with current and future governments, advocating market design and streamlined planning frameworks that support grid expansion, and the deployment of renewable and flexible generation.

Trade tariffs and conflicts in the Middle East and Ukraine are among the factors causing economic uncertainty. Reducing society's current reliance on volatile foreign gas markets by investing in clean UK energy remains the best long-term solution for billpayers and SSE's actions will help to improve the UK's energy security as well as mitigating climate change.

A critical partner in the clean energy transition

The new UK Government was elected in 2024 with a commitment to deliver clean power by 2030. SSE liaises with government to ensure policies, regulation and market design support infrastructure investment. SSE hosted its Business of Leading the Energy Transition (BLET) event in London attended by Energy Minister Michael Shanks MP, and other government figures including Chris Stark, Head of UK's Mission for Clean Power. SSE has engaged regularly with Ofgem and the newly created NESO, including hosting visits to SSE's Coire Glas, Blackhillock and Foyers sites.

SSE continues to engage with the new Irish Government, Northern Ireland Executive and regulators to support the delivery of decarbonisation goals across the island of Ireland. SSE Chief Executive designate Martin Pibworth attended the inaugural Ireland-UK Summit held in Liverpool, and SSE also hosted a subsequent reception with the British Embassy in Dublin on energy cooperation. On the global stage, SSE attended COP29 in Baku, Azerbaijan, to help drive widespread climate action.

▼ Chief Executive Alistair Phillips-Davies at SSE's BLET event

Uncertainty on market design

Clean power by 2030 is a bold ambition for the UK, so the industry and its supply chain need the confidence to commit the necessary long-term investment. In 2024, the sixth CfD (Contracts for Difference) Allocation Round drew offshore wind project bids, when the previous year attracted none. More participation in the forthcoming Auction Round 7 will be critical for the UK's clean power targets.

The UK and Scottish governments have also given encouraging signals of their intent to prioritise economic growth when it comes to unwieldy planning processes that have hindered project development. SSE will continue to make sure it develops the right projects in the right places. This includes its proposed 4.1GW Berwick Bank offshore wind farm in Scotland, which would be a giant step forward on the path to net zero but still awaits planning consent from the Scottish Government.

SSE also welcomed the UK Government's signals on a 'cap and floor' investment framework to aid deployment of long-duration electricity storage projects. With the right framework, such a mechanism would give SSE confidence to proceed with its Coire Glas pumped storage hydro project in the Scottish Highlands.

At time of writing the Review of Electricity Market Arrangements (REMA) was ongoing, and the public arguments for and against zonal pricing are well known. Whatever the outcome, SSE will continue to have natural balance across the energy value chain with attractive options at its disposal to navigate any ensuing market volatility.

Managing project challenges

Global operational offshore wind capacity exceeded 80GW in 2024, with China and then the UK having the highest volumes of future pipeline projects in the world. But construction of these assets is challenged by rising commodity costs, scarce key components and other supply chain issues.

SSE's Dogger Bank A offshore wind project has been subject to delays at the installation stage but will open later in 2025 without material impact on returns. Work has continued on Dogger Bank B and C and once fully open it will be the world's largest offshore wind farm.

Some international developers in the sector have cancelled projects due to poor returns or unforeseen costs. SSE is committed to rewarding shareholders for their risk by investing with capital discipline. By prioritising value over volume and focusing on efficiency, supported by the resilience of SSE's diversified mix of market-facing and regulated businesses, the Group continues to deliver its strategic objectives and create value.

Responding to the world around us

As a long-term business that adapts as it grows, SSE has acted decisively in the past year in response to the events and issues described on these pages. The changing macro-economic environment, delays to policy and planning, and the knock-on impact on SSE's pipeline have led to a revision of the Net Zero Acceleration Programme Plus, which is now targeting investment of around £17.5bn across the five years of the plan to FY27.

This reflects an upweighting of capex on regulated networks, where growth opportunities have accelerated, and also a reduction in spending on renewables, where progress has slowed.

There is a knock-on effect for SSE Renewables delivery targets, with the business now aiming for a reduced NZAP Plus target of c.7GW of installed capacity by FY27, down from ~9GW.

The acceleration in networks and slowdown in renewables is also likely to have an impact on SSE's 2030 Goals, which are subject to ongoing review to ensure they support SSE's strategy.

The NZAP Plus revisions are in keeping with a commitment to capital discipline that extends to operational areas too. Recognising that the timing of delivery and returns from investment in each business varies, the Group has conducted an efficiency review to ensure that SSE has the right structures, resourcing and accountabilities to maximise the enormous growth opportunities that decarbonisation offers. The review – which is expected to result in around £100m of annual recurring savings – will increase competitiveness and rebalance the Group for future growth.

Investing in decarbonisation

Electricity demand will rise with the take-up of electric vehicles and heat pumps, while the proliferation of data centres will also need accommodation on the grid. System flexibility and careful management of network constraints are needed to support more solar and battery storage assets. In fact, the National Infrastructure Commission (NIC) outlined that £37-50bn of load investment in the distribution network is needed to support extra demand and generation between today and 2050. SSEN Distribution is playing a key role in supporting net zero planning at a local level and providing flexibility services where localised high demand can be offset to extend overall network capacity.

> "The long-term demand for investment in low-carbon infrastructure remains clear in the UK and Ireland, where SSE's clean energy ambitions align with those set by legislators."

In December 2024, SSEN Transmission published its RIIO-T3 Business Plan, which sets out a bold blueprint to deliver at least £22bn of critical grid infrastructure in the five years to 2031. SSE also welcomed Ofgem's approval of its Beyond 2030 investment programme for replacing and upgrading transmission projects in the north of Scotland see page 35.

Looking ahead

The long-term demand for investment in low-carbon infrastructure remains clear in the UK and Ireland, where SSE's clean energy ambitions align with those set by legislators. The UK Government is dealing with the realities of balancing the books while seeking to attract investment and grow the economy. This makes delivering clean energy projects that help drive the economy forward ever more vital.

Energy affordability is likely to remain a key concern for governments and households. In the UK, there were three consecutive energy price cap rises from Ofgem in 2024/25, driven by higher gas prices, cold weather and low gas storage levels in Europe.

While consumers need short-term protection from fluctuating gas prices, these higher energy costs also underline the need to accelerate the expansion of home-grown clean and reliable energy as a long-term affordability solution.

In 2024 elected policymakers and many other stakeholders in our main markets demonstrated their commitment to clean energy. At the same time, net zero scepticism has gained traction in some quarters.

SSE, like all those committed to the clean energy transition, must keep making the case for progress. Only by engaging with all stakeholders can SSE help achieve a fair and just transition to a net zero world.

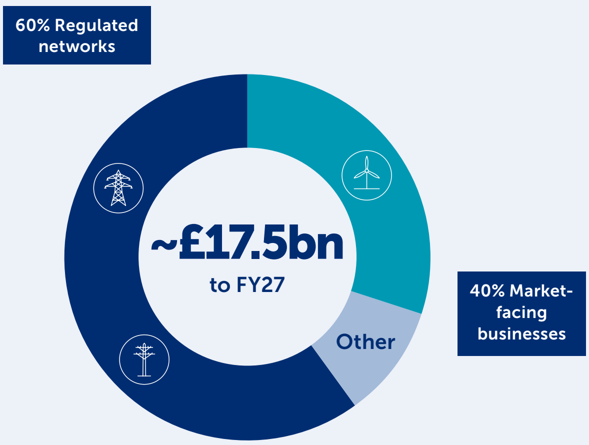
Creating sustainable value

Our strategy is to create value for shareholders and society in a sustainable way by investing in, developing, building and operating electricity infrastructure and businesses needed in the transition to net zero.

Our investment plan

Our Net Zero Acceleration Programme Plus is a five-year plan to 2027 currently forecast to invest around £17.5bn in renewables, electricity networks and system flexibility that will be needed to achieve clean power by 2030.

Our investment over five years to FY27



For more detail on SSE's investment plans see Chief Financial Officer's review on page 17

Targets to FY27:

- **175-200p adjusted Earnings Per Share**
- **5-10% annual dividend growth**
- **Net debt in line with strong credit ratings**

Our 2030 Goals

We work to deliver social and environmental benefits that are recognised and supported by our stakeholders. This is measured by four business goals aligned to UN Sustainable Development Goals.

Cut carbon intensity by 80%

Reduce Scope 1 carbon intensity by 80% by 2030, compared to 2017/18 levels, to 61gCO_2e/kWh.

Aligns with UNSDG 13

Increase renewable energy output fivefold

Build a renewable energy portfolio that generates at least 50TWh of renewable electricity a year by 2030.

Aligns with UNSDG 7

Enable low-carbon generation and demand

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.

Aligns with UNSDG 9

Champion a fair and just energy transition

Be a global leader for the just transition to net zero, with a guarantee of fair work and commitment to paying fair tax and sharing economic value.

Aligns with UNSDG 8

Our business model

Delivering on our purpose

Aligning people, assets and capital to pursue growth ambitions and secure long-term benefit for all stakeholders.

We rely on

People
to deliver our strategy, invest in our projects, buy our products and provide our licence to operate.

Assets
to generate revenue and decarbonise the energy system.

Pipelines
of development for sustainable growth.

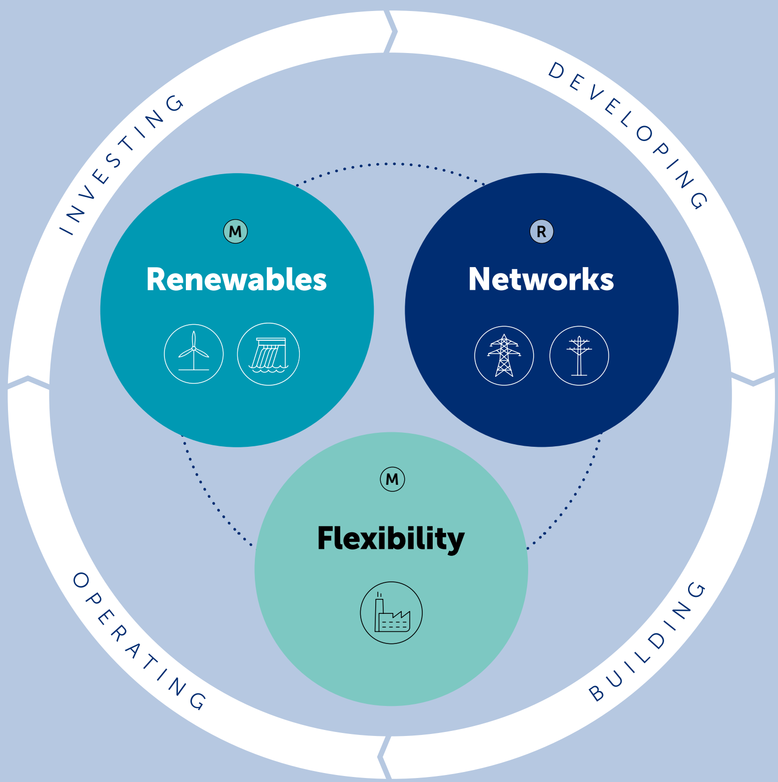
Funding
to finance our investment plans.

Wind, water, sunlight and gas
to produce energy.

Innovation
to drive our business forward.

What we do

We generate, back up and transport the electricity needed in everyday life. We do this by investing, developing, building, and operating in three key areas of the energy value chain, through a balanced portfolio of regulated and market businesses:



Key: (M) Market-focused businesses (R) Economically regulated businesses

How we create value

- World-leading capability in the provision of clean energy
- Strategic operation of a portfolio that balances market income with regulated earnings
- Investment that selectively allocates capital in a disciplined and targeted way
- A culture focused on keeping people safe
- Effective identification and mitigation of risk

Why it matters

The efficient operation of our business model supports the creation of a future energy system that is **cleaner**, more **affordable**, and more **secure**. Through it, we make a significant economic contribution to society, support the supply chain, create quality jobs, remunerate shareholders and deliver positive outcomes for energy users.

Who we do it for

- Employees
- Shareholders and debt providers
- Energy customers
- Governments and regulators
- NGOs, communities and society
- Suppliers, contractors and partners

Our stakeholders

Putting people and planet first

Meaningful interaction with everyone affected by SSE's decisions and actions is a key part of our decision making and our responsibilities to society.

Our binding contract with society

SSE can't operate in isolation from the society it serves. That means the business must be mindful of the impact of all that it does and reflect this in its strategy. SSE has an unwritten social contract, where society entrusts the Company with human, financial and natural capital and provides it with a regulatory and policy framework in which to work, and in return SSE provides jobs, pays taxes and delivers energy infrastructure. SSE's right to operate as a profitable business rests on fulfilling this obligation.

Stakeholders are the people, communities and organisations that have an interest in, or are affected by, SSE's decisions, actions and operations. It's a reciprocal relationship and when it functions effectively, both sides benefit. For example, the skills and experience of SSE's employees help the Company thrive. In return, employees receive a fair wage and have their rights protected.

Why we engage with our stakeholders

SSE must consider the broader views of society in its decision making. Stakeholder engagement makes sure the Company considers the insights and opinions of those affected by its operations. This makes SSE's decisions and strategy setting more inclusive and robust.

SSE has divided its stakeholders into six groups and uses a range of methods to engage effectively with them, such as consultations, roadshows or events. These interactions feed directly into SSE's decision making on operational plans and strategic objectives. They also reflect legal and regulatory requirements and, as far as possible, SSE strives to consider all perspectives from all stakeholders.

Reciprocal, value-creating relationships

Section 172 Statement on page 102

Employees

SSE directly employs around 15,000 people in the UK, Ireland and selected overseas markets.

Why we engage

Engagement helps retain and attract a skilled workforce as the Company works to meet the challenge of decarbonisation.

How we engaged

- Took soundings on sentiment and connection to strategy and culture through annual all-employee survey
- Delivered communications that connected employees to strategy and provided leadership visibility
- Worked to embed safety culture through industry-leading immersive training programme
- Consultation with recognised trade unions, including on the impact of efficiency measures on employees

14,880*

Direct SSE employees

* This excludes employee data for Enerveo Limited, which remains under strategic review with the Infrastructure Solutions component of Enerveo being held for sale during 2024/25.

Read more on page 53

Shareholders and debt providers

SSE has a large and diverse shareholder and debt provider base.

Why we engage

To ensure strategic decisions are properly informed by those with a financial stake in SSE's long-term success.

How we engaged

- Posted regular trading updates and gave results presentations supported by investor roadshows
- Met regularly with investors to understand their priorities, including those on ESG issues
- Had face-to-face engagement with retail shareholders at SSE's Annual General Meeting
- Provided written dialogue, including responding to shareholder queries
- Undertook engagement with credit rating agencies and debt providers

£18bn

Market cap as at 31 March 2025

Read more on page 101

Energy customers

SSE directly serves energy supply customers in GB and the island of Ireland. It also provides grid connection to networks customers in its Distribution and Transmission operating licence areas.

Why we engage

To understand and address expectations and ensure customers are supported in a just transition to net zero.

How we engaged

- Engaged proactively with vulnerable networks customers through winter storms
- Promoted the benefits of SSE's existing and proposed business plans for electricity network price control settlements
- Engaged with home and business energy supply customers on efficiency measures
- Ensured ready access to support measures for energy supply customers and liaised with consumer groups

c.5m

Networks and supply customers

Read more on pages 38 and 50

Governments and regulators

SSE has a non-partisan Political Engagement Policy under which it engages and partners with the institutions of government in a way that is consistent with its purpose and climate-focused strategy.

Why we engage

To influence policy frameworks that support investment in critical national infrastructure and serve the best interests of energy customers and the environment.

How we engaged

- Engaged with UK and Irish governments on the need for homegrown energy to support growth, deliver energy security and meet climate goals
- Contributed to government consultations and responded to calls for evidence and Parliamentary enquiries
- Partnered with UK Government on COP29 summit in Baku, Azerbaijan in support of global climate agenda
- Co-hosted Business of Leading the Energy Transition event attended by senior government figures

£2.9bn

Capex invested in infrastructure in 2024/25

Read more on page 4

NGOs, communities and civil society

SSE works in close partnership with numerous third party organisations.

Why we engage

SSE relies on the support of the communities it works in and the backing of civil society as it plays its part in the transition to net zero.

How we engaged

- Held Scotland's most extensive public consultation exercise to give communities a say in plans to transform SSEN Transmission's onshore network
- Liaised with stakeholders to ensure effectiveness of our community investment funds, which awarded £16.3m in 2024/25. SSEN Transmission introduced its first ever community fund and SSE Airtricity a new all Ireland fund
- Outlined plans for 1,000 new homes as part of transmission projects in the north of Scotland
- Partnered with NGOs to deliver societal and environmental benefits to communities adjacent to SSE's operations

£16.3m

Investment in communities in 2024/25

Read more on page 56

Suppliers, contractors and partners

SSE relies on a robust supply chain and specialist Joint Venture partners to meet its objectives.

Why we engage

Fostering good relationships and committing to measures such as the Prompt Payment Code helps SSE secure partnership expertise and achieve maximum value from its investments.

How we engaged

- Facilitated industry-government engagement on circular economy through SSE's Powering Net Zero Pact
- Trained 1,172 contractors through industry-leading immersive safety programme
- Direct interaction through SSE's long-running Supplier Relationship Management initiative
- Promotion of sustainability best practice through EcoVadis supply chain management tool

c.7,390

Active suppliers

Read more on page 51

Chair's statement

Fresh impetus in pursuit of growth

As we continue to deliver strong financial performance despite the complexity of the energy sector, we look forward to the next chapter of value creation under new executive leadership.

Another eventful year for SSE underlines the complexity facing our sector, as industry and government wrestle with the task of building the energy system on which a low-carbon economy will depend.

Amid geopolitical unrest, political change and shifting market dynamics, we invested £2.9bn last year. We've moved past the halfway point of the Net Zero Acceleration Programme Plus – our five-year, c.£17.5bn investment plan to 2027. And we're now preparing for growth over the remainder of the decade, largely driven by demand for the grid infrastructure required to meet national clean energy ambitions.

We also celebrated a number of strategic milestones and met our financial objectives in 2024/25, thanks to the adaptability and optionality of our portfolio insulating us from the worst of the disruption felt elsewhere in the sector.

Our clean power plan

There's no doubt the road to net zero is becoming increasingly complex to navigate. Governments across the world are making trade-offs on climate commitments. And tension persists in our home markets as legislators try to balance longer-term green policies with measures to address short-term affordability issues and stubbornly slow economic growth.

As one of the UK's largest investors, SSE takes the long view. By providing the renewables, electricity networks and system flexibility that will form the energy system of the future, we provide quality jobs, support supply chains and benefit communities. This puts us at the heart of the UK Government's Clean Power 2030 Plan. As a critical partner, we're committed to working with government on the policy dilemmas it faces, engaging all the while to achieve the best possible outcomes for both climate targets and customers. The signals from government on easing the planning and consenting blockages that have bedevilled large UK infrastructure projects for too long are welcome for our extensive development pipeline. We continue to work with Ofgem on an investable and financeable regulatory price control that supports grid transformation on a scale not seen since the 1940s.

However, greater certainty is still needed if low-carbon technologies like carbon capture and storage (CCS) and hydrogen are to play their full part in the transition to net zero. And we look forward to a more stable environment for much-needed private investment once we have clarity over the energy pricing model under imminent reforms to the UK energy market.

> "Alistair passes on to Martin a great platform to build on and a tried and tested strategy

New leadership, new impetus

Our standing as a national clean energy champion is testament to the inspirational leadership of our outgoing Chief Executive, Alistair Phillips-Davies. He departs with my personal thanks for his 12 years of impeccable service in the role.

We have a worthy successor in Martin Pibworth, who was the stand-out candidate in a highly competitive selection process, (see page 107). Nobody understands SSE, or the energy sector, better than Martin and I have no doubt that he has the expertise, stakeholder understanding and commercial acumen needed to drive SSE forward. Alistair passes on to Martin a great platform to build on and a tried and tested strategy that flexes our diversified portfolio to adapt to market trends across a range of clean energy technologies. He has all the tools at his disposal – a resilient business mix, excellent people and assets, and balance sheet strength – to build an agenda for evolving SSE to meet whatever lies ahead.

Martin is also backed by a highly capable SSE executive team and a Board further strengthened by the addition of Hixonia Nyasulu, who brought a wealth of experience in international markets and consumer, industrial and financial services when she joined us in January 2025.

Delivering on our strategy

We're building a better world of energy by pursuing our purpose and the strategic delivery described in this report. There has been good progress right across our three strategic pillars of renewables, networks and flexibility. For SSE Renewables, milestones for Viking, Yellow River and Chaintrix onshore wind farms were well-publicised, but so too were events offshore at Dogger Bank, where the world's biggest wind farm under construction had to overcome delays caused by supply chain issues. In networks we celebrated energisation of the pioneering Shetland HVDC link and the start of construction on the subsea Eastern Green Link 2 HVDC project. At the same time our existing thermal fleet proved its worth in system balancing and the new Slough Multifuel plant brought added capacity when it entered full commercial operation.

People behind our progress

There can be no strategic progress without talented and committed people. The collective contribution of around 15,000 employees, and their focus on delivery and efficiency is reflected in the project milestones, operational excellence and, ultimately, the financial performance we've seen over the past year. Through our efficiency review, we are making some hard choices internally to ensure we thrive in the future, but we are committed to treating people fairly throughout. On behalf of the Board, I thank all our employees for their ongoing cooperation and efforts.

It's all the more pleasing that, through such a busy year in which we've achieved so much, safety has remained a priority. Safety is the most important of six core values (Safety, Service, Efficiency, Sustainability, Excellence and Teamwork) that guide what we do and how we do it. Our combined Total Recordable Injury Rate is the lowest we have seen in three years and, within that, the performance among our contract partners is particularly encouraging. This has been an area of focus for several years as construction has accelerated.

While keeping people safe is of paramount importance, the Board also believes a workplace that's welcoming and reflects the communities we operate in provides the best environment for optimal business performance. We're making good progress on this as we strive to make sure under-represented groups have a voice and that we set a positive tone from the top.

A healthy business culture

The insights and opinions of our six stakeholder groups make our decision making more robust and our actions more sustainable. Engagement with employees is a particular focus and the Board meets colleagues regularly as a check-in on sentiment and culture. The Board also monitors engagement with other stakeholder groups. We appreciate the support of shareholders who engage with us and have voted in favour of our Net Zero Transition Plan for the past four years. I've already noted the vital dialogue we have with legislators and regulators on energy policy. Energy users are central to all that SSE does, but it's our customer-facing businesses that engage on a daily basis around issues such as affordability, service and vulnerability. I'm pleased our close relationship with Joint Venture partners and suppliers has led to the improved contractor safety performance outlined earlier.

Finally, given the licence requirement to rewire much of the transmission network, there's been close engagement with communities in the north of Scotland. I've already mentioned that the transition to net zero will require trade-offs. Here, too, we recognise that local communities are hosting critical infrastructure in the service of a wider national imperative. With this in mind, before seeking planning approval we carried out what we believe is the biggest and most impactful public consultation exercise seen in Scotland. We've also provided tangible support through £2.3m of community benefit funding and our contribution to building at least 1,000 much-needed homes.

Listening to stakeholders in this way is important for a healthy business culture, and so too is transparency about our impact on the world around us. This report is part of that: tracking progress against our 2030 Goals and their associated science-based targets (see page 45), setting out our Principal Risks (see page 64) and also disclosing our scenario analysis of the climate-related financial risks and opportunities we face (see page 75). Balancing long-term targets with environmental, social and governance considerations is becoming increasingly complicated. Even so, the Board and the executive team still believe that there need be no tension between creating sustainable value and fulfilling our social contract.

2030 and beyond

With the completion of our five-year plan to 2027 now within touching distance, we're already planning for a ramping up of our growth ambition to 2030 and beyond. We have the assets and development pipeline to accelerate renewables, we already know the large-scale investment required to reinforce the grid, and we're ready to back it all up with the flexible generation needed by the future energy system.

The Board is proud of what SSE's employees have achieved in 2024/25, and excited about the opportunities that working with a new Chief Executive might bring. We're also extremely optimistic about the Company's growth prospects. And, as we consider what's to come over the rest of the decade, we remain focused on our responsibilities as Directors to consider the interests of all stakeholders while promoting SSE's long-term success.

Sir John Manzoni
Chair, SSE plc

20 May 2025

Milestones on the road to net zero

NZAP launches
November 2021
Plan unveiled to invest £12.5bn by 2027 – around £7m a day on low-carbon infrastructure

NZAP Plus launches
March 2023
Plan upgraded to invest £20.5bn to 2027 – around £10m a day on nationally critical clean energy assets

Viking wind farm

- **~£17.5bn invested in clean energy**
- **Further spending anticipated on net zero beyond 2030**

Future milestones:

2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027

Keadby 2 opens
March 2023
Europe's most efficient gas-fired power station enters commercial operation in north Lincolnshire

Seagreen completed
October 2023
Scotland's largest offshore wind farm, capable of powering 1.6m homes annually, is fully operational

Viking wind farm and Shetland HVDC link completed
August 2024
Subsea transmission link connects Shetland to GB energy grid for the first time

Capex plan pivots further to networks and revised to ~£17.5bn
May 2025

Ofgem's final determination of RIIO-T3
December 2025

Work continues to complete all phases of Dogger Bank wind farm

SSE aims to start building Berwick Bank offshore wind farm – pending consent approval

Guiding SSE to 2030 and beyond

After 12 years as Chief Executive, Alistair Phillips-Davies is retiring from SSE and handing over to Martin Pibworth. Here, Alistair and Martin reflect on SSE's progress over the past year and consider how SSE will continue its clean energy mission.

Martin Pibworth — Alistair Phillips-Davies

Let's start, as we always do at SSE, with safety. What was our performance like last year?

Alistair: Safety is our number one priority – always has been, always will be – and I'm pleased that it's been a good year on that front, with a Total Recordable Injury Rate of 0.16. As we build and operate ever more sizable projects it's vital that everyone gets home safe. It's particularly pleasing that, after a challenging few years, we're now seeing a marked improvement in safety performance among contractors. The significant investment we've made in an industry-leading immersive training centre has played a big part in this. Having received the training myself, I can say that it's a powerful experience that has a big impact on the way people think about their personal safety and the wellbeing of those around them.

How do you reflect on the past financial year?

Alistair: We've delivered on our financial targets, which is always important. More broadly, it's very gratifying to see how aligned our clean energy plan now is with that of the current UK Government. That means the opportunities in our home markets are as strong as they've ever been and when it comes to our international pipeline we've tried to maintain our value over volume approach. The diversity of our Group business model meant we could channel investment to the transmission network that will be so critical to getting to net zero. I'd like to thank colleagues across SSE who are ultimately the ones who execute and deliver on our strategy. It's been another outstanding year of delivery for SSE and a lot of hard work goes into that, which I never take for granted.

Martin: I'd point to the safety performance that Alistair has already mentioned. The improvement we've seen is down to a relentless focus on getting people home safe – and that's something that will continue. I'd also call out a few specifics on delivery: connecting up Shetland to the GB electricity grid for the first time thanks to a 260km subsea transmission link was phenomenal, as was the opening of the 443MW Viking wind farm. I thought our response to Storm Éowyn was heroic: we mobilised a team of 1,100 to support and reconnect our customers in Scotland who were hit by ferocious winter storms. Let's not forget Slough Multifuel opening as part of our commitment to flexibility, and I'd also mention our colleagues in customer-facing roles who are such an important shop window for SSE.

What role do you see for SSE in a future energy system built on renewables, networks and flexibility?

Martin: From a **renewables** perspective we've faced headwinds that are hampering our ability to develop and build projects as quickly as we'd like. Dogger Bank will be the world's largest wind farm when we finish construction, and while supply chain issues haven't helped us, the first phase is on track for completion in the coming months. We have constructed Yellow River onshore in Ireland and our first European wind farm in northern France over the past year, so we've made good progress. But there is no doubt that the pace will pick up again for Renewables because with net zero, it's a case of "when", not "if" – especially in the UK. The future for SSE Renewables is bright and it will continue to be a key strength in our portfolio.

Alistair: When it comes to **networks**, Transmission is a huge growth opportunity for us, with our five-year £22bn plan for RIIO-T3 price control to build critical infrastructure in Scotland. The challenge for SSE will be delivering the transformational change the grid requires while continuing to be mindful of the impact that work has on communities hosting infrastructure. Our Distribution business also has a big role to play when it comes to decarbonising the power system and we will continue to make the case with Ofgem and others for the need to accelerate investment.

Martin: The role of system **flexibility** in backing up intermittent renewables should never be undervalued when it comes to the clean energy transition. This year for example, we took a final investment decision to build the 300MW Tarbert Next Generation power station in Ireland, which will run on 100% sustainable biofuels with the potential to convert to hydrogen. That's a major boost to the electricity system in Ireland and reflects how we're adapting our thermal fleet for the future. We'd like to see quicker progress on hydrogen and carbon capture and storage, but these technologies of tomorrow are definitely coming, and we're ready to invest in them.

What has SSE been doing to navigate headwinds in the energy sector?

Martin: First and foremost, doing what we've always done – delivering on our plans and running our assets as effectively as possible. We've also continued to engage constructively with politicians and regulators, acting as a critical partner to the UK's Clean Power 2030 Plan and making the case for policy and market frameworks that best serve the needs of customers, investors and society more broadly. And yes, SSE, like many other companies, has had to respond directly to the realities of the world around it, which means making sure our business is the size and shape we need it to be. We've conducted an efficiency review and taken measures to make sure we continue operating in the most cost-effective way possible.

How well placed is SSE in terms of the current policy and market environment?

Alistair: If you look at our domestic markets, we've never been more aligned to UK Government policy. This gives us confidence to invest in the renewable generation and massive grid upgrades we need to make clean energy a reality. But if I've learnt one thing in my time as CEO it's that you can never get complacent. We can't ever take our mandate to build net zero assets as a given – we've seen the cross-party consensus unwind with the Conservatives describing 2050 net zero goals as unrealistic. If you look at the US, there has been a marked shift in green policy and that creates uncertainty which investors clearly don't like. SSE will need to keep making the case for decarbonisation while being transparent about the costs and investment needed to get there.

Martin: SSE is a long-term business, and our goals and targets will always ultimately depend on building assets that are part of multi-year capital programmes. We are particularly well-placed to pivot capital around the renewables, networks and flexibility assets that will be the backbone of a future energy system. But we must manage supply chain issues, cost pressures and general market volatility as part and parcel of what we do. On Dogger Bank, there's been significant progress this year and, importantly, the delays have had no material impact on returns. We must keep applying capital discipline so we can optimise future growth opportunities, and that approach won't change on my watch.

Looking to 2030 and beyond, what is going to be most important?

Martin: We're beyond the midway point of our c.£17.5bn five-year Net Zero Acceleration Programme Plus, so it's crucial that we deliver the growth we promised. I'm confident that a renewed focus on commerciality and efficiency will enable us to work through some of the pressures that are affecting us and others in the sector. The diversity and resilience of our business mix, the quality of our people and assets, and the strength of our balance sheet give us cause for real optimism. I'd love for us to get Berwick Bank offshore wind farm under way, as this is a project that could deliver a sizable contribution to the UK Government's clean energy mission. And if last year was the 'year of networks' then we could now be looking at the 'decade of networks' – they're going to be critical enablers of clean energy. There will also be technologies and projects that we haven't even thought about yet, which is the exciting part for me. There's a lot for us to aim at.

What are your main reflections on your time as Chief Executive?

Alistair: It's been an immense privilege and I'm extremely proud of how far we've come as a company. I actually joined SSE in the last century when wind was barely in our portfolio. Now we're at the vanguard of the clean energy revolution, building the biggest wind farms in the world, providing flexible generation to the system and investing heavily in the electricity networks we need to connect people to sources of clean power. All of this is made possible by the brilliant people I have had the privilege of working with over many years at SSE.

Martin, what will be your immediate priorities?

Martin: Well, I'd start by paying tribute to Alistair, who has led SSE brilliantly over the past 12 years and transformed it into a clean energy champion. My job is to continue, and build on, his good work. My first priority is to spend time with our key stakeholders for meaningful conversations which will help shape how we go forward. Of course, safety is paramount. I'll be working hard to make sure all those operating our assets or building future projects get the support they need as they do an amazing job every day. Alistair leaves me with a platform to see through the NZAP Plus investment programme and to set us up for an exciting period of growth out to 2030 and beyond. Net zero is coming. At SSE we need to be agile enough strategically to deliver that in the best way possible.

And a final word from you, Alistair?

Alistair: I can walk away knowing that SSE is in a very safe pair of hands. I've really enjoyed my time with SSE and I'm proud of the transformation the Company has made in recent years and the strategic role it's now playing in our energy future. My heartfelt thanks go to so many people – be they colleagues, investors, policymakers, community leaders or customers – who have helped me make a difference along the way.

Alistair Phillips-Davies
Chief Executive, SSE plc

Martin Pibworth
Chief Executive designate, SSE plc

20 May 2025

Martin succeeds Alistair as Chief Executive following SSE's AGM on 17 July 2025.

Our KPIs

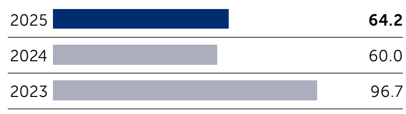
How we performed

We use a number of key measures to track our financial, non-financial and operational performance, and we keep them under review to ensure they align with our strategy.

Financial performance

Dividend per share
(pence)

64.2

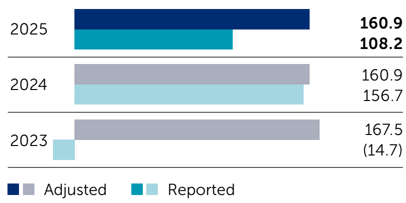


The recommended full year dividend, rebased in 2023/24, is in line with SSE's growth-enabling, five-year dividend plan to 2027.

Earnings Per Share
(pence) APM R

160.9
Adjusted

108.2
Reported

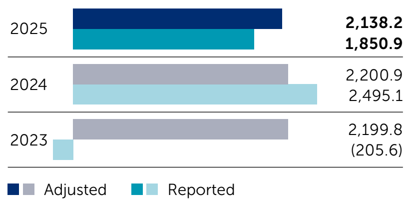


Strong results in against a challenging macroeconomic backdrop in 2024/25 were attributable to the resilience of SSE's balanced business mix. *APMs have been simplified to no longer adjust for interest on net pension assets, resulting in adjusted EPS increasing by 1.9p in 2024/25, 2.4p in 2023/24 and 1.5p in 2022/23.*

Profit before tax
(£m) APM

2,138.2
Adjusted

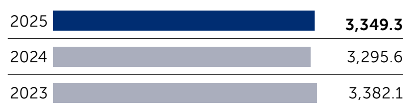
1,850.9
Reported



The reported figure for 2024/25 reflects exceptional charges including an impairment on SSE's investment in its Southern European renewables development pipeline. *APMs have been simplified to no longer adjust for interest on net pension assets, resulting in adjusted profit before tax increasing by £20.7m in 2024/25 and £26.2m in 2023/24.*

Adjusted EBITDA
(£m) APM R

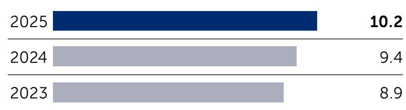
3,349.3



Performance reflects continued strong levels of cashflow generation across the diverse and resilient business mix despite the challenging macroeconomic backdrop.

Adjusted net debt and hybrid capital*
(£bn) APM R

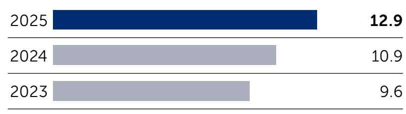
10.2



Increased over the year to fund a rising level of long-term investments in clean energy infrastructure across the Group.

Combined networks Regulated Asset Value (RAV)
(£bn) R

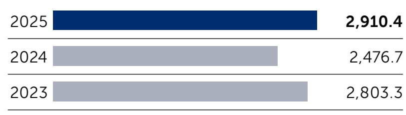
12.9



Accelerated build-out and reinforcement of SSE's three economically-regulated electricity networks contributed to higher RAV values in the year.

Adjusted investment, capital and acquisitions
(£m)

2,910.4



SSE invested a record amount in 2024/25 in critical national infrastructure. The five-year plan continues to evolve, with a reduction in spend overall to FY27 and an upweighting of capital allocation within that to networks.

***Evolving KPIs to align with strategy**
SSE annually reviews its KPIs and while the majority are expected to be consistent over a number of years, changes may occur where they are deemed to better track strategic and operational performance of the Group. As a debt measure, adjusted net debt and hybrid capital allows management to record and monitor both operating cash generation and the Group's ongoing financing and liquidity position. The ratio of adjusted net debt and hybrid capital to adjusted EBITDA in any one period also helps inform decisions around remuneration.

Linking performance to pay
SSE's Remuneration Policy is linked to both operational and financial performance. The individual targets and measures used by the Remuneration Committee to inform decisions on Directors' pay have been indicated on these pages with the symbol shown here on the right. See the Remuneration Report in full from page 126.

Key R KPI linked to remuneration

Performance against 2030 Goals

Cut carbon intensity by 80%

UNSDG 13

Scope 1 GHG intensity (gCO_2e/kWh) (R)

218

2025	218
2024	205
2023	254

SSE saw a 6% increase in Scope 1 GHG intensity due to a rise in thermal generation output and constrained capacity on the grid for renewable energy.

This KPI is on target but with risk – see page 47

Increase renewable energy output fivefold

UNSDG 7

Renewable generation output (TWh)* (R)

13.3

2025	13.3
2024	11.2
2023	10.2

Renewables output was up 19%, largely due to delivery of Viking wind farm and a full year contribution from Seagreen wind farm.

This KPI is behind target – see page 49

* Includes pumped storage, battery energy storage systems, biomass and constrained-off wind in GB.

Enable low-carbon generation and demand

UNSDG 9

Renewable capacity connected within SSEN Transmission network area (GW) (R)

10.9

2025	10.9
2024	9.3
2023	9.2

Connection of several large renewables schemes saw SSEN Transmission exceed its goal to deliver a network with the capacity and flexibility to accommodate 10GW of renewable generation by 2026.

This KPI is on target – see page 51

Pure electric or plug-in hybrid vehicles registered in SSEN Distribution's licence areas (R)

c.336,000

2025	c.336,000
2024	c.284,000
2023	c.208,500

SSEN Distribution is progressing key innovation projects with partners to support flexible markets and future infrastructure provision for the mass adoption of electric vehicles.

Champion a fair and just energy transition

UNSDG 8

Contribution to UK/Ireland GDP (£bn/€bn)

7.88/0.95

	UK	Ireland
2025	7.88	0.95
2024	5.86	1.04
2023	6.04	0.43

SSE saw an increase in total GDP contribution across the UK and Ireland, in part due to higher spending and investment compared to the previous year.

See page 56

Jobs supported in UK and Ireland

67,190

2025	67,190
2024	54,830
2023	42,370

SSE saw an increase in total jobs supported in 2024/25, with 62,000 and 5,190 jobs supported in the UK and Ireland respectively.

See page 56

Safety performance

Total Recordable Injury Rate per 100,000 hours worked (employees and contractors) (R)

0.16

2025	0.16
2024	0.20
2023	0.19

Following a period of sustained focus on the safety of SSE's partners, the TRIR for both employees and contractors combined in 2024/25 was at its lowest level in three years.

Review of the year

Chief Financial Officer's review

Delivering on our financial commitments

Capital and operational discipline dominated in a year of solid financial performance featuring higher regulated and index-linked earnings.

The defining quality of SSE's financial performance in recent years has been the steady increase in value derived from dependable, index-linked earnings. That trend continued in 2024/25, with more than 60% of Group operating profit coming through regulated electricity networks and contracted renewables assets.

This meant we met our financial commitments and delivered 160.9p adjusted Earnings Per Share. This was despite an expected fall in the profitability of our flexible thermal portfolio as we returned to more normalised market conditions, proving once again the benefits of a balanced and diverse business mix. The combination of our Business Units forms a strategically coherent SSE Group that is designed to weather uncertainty and risk in a highly dynamic sector – the whole SSE being greater than the sum of its parts.

Financial and operational performance for each of our Business Units is set out in detail on pages 30 to 41.

> We pride ourselves on the strict capital discipline that we apply to all our investment decisions – always favouring value over volume."

An evolving plan

Our capital investment in the year topped previous records, with over £2.9bn invested in the infrastructure that puts SSE at the heart of the clean energy transition. Back in 2021, at the outset of the initial NZAP plan, we were clear that as opportunities evolved our investment plans would evolve with them – and we would exercise both agility and capital discipline along the way.

The initial plan anticipated around 40% of capital would be allocated to electricity networks. The growth opportunities for SSEN Transmission have increased significantly in the intervening years. So we are working to a revised £17.5bn plan with an upweighted 60% of that figure allocated to networks. And we now plan for a corresponding reduction in spending on renewables and flexibility, reflecting slower-than-expected progress on energy policy and planning. Within this, in SSE Renewables we have reduced both our capital and our capacity expectations and we're now targeting around 7GW of installed capacity by 2027.

While our performance in FY25 reflects the resilience of SSE's business mix and the success of our strategy, it also shows how we're prepared to adapt in order to succeed. The pivot of capital to regulated networks, the redoubling of discipline around investments in our energy businesses, and a sharpening focus on controllable costs and efficiencies are all responses to the current operating environment.

Stability amid uncertainty

The long-term drivers of growth in our business are very clear. Electrification is central to a decarbonised economy, and that means an energy system based on renewables, networks and flexibility.

Our shift of emphasis towards electricity networks increases our upside exposure to a strong, predictable regulatory environment that offers stable equity returns and inflation protection. At the same time, an increasing proportion of our renewables and flexibility assets also benefits from inflation protection through government-backed contracts such as Contracts for Difference and the Capacity Market.

This means that – despite the risk and complexity we see in the macro environment – we offer strong earnings protection and stability with index-linked earnings expected to account for around 70% of Group EBITDA by 2027 and 94% of debt held at fixed rates.

Value and efficiency over volume

We pride ourselves on the strict capital discipline we apply to all our investment decisions – always favouring value over sheer volume of projects. That discipline has helped us respond to market conditions that have forced changes across the energy sector. We are prioritising spending on regulated networks growth while applying an even stricter returns criteria in renewables – specifically in offshore wind.

Chief Financial Officer's review continued

Investments, whether in networks or generation, can only fully maximise shareholder value when they are executed with a relentless focus on efficiency and competitiveness. With this in mind, we have embarked on an efficiency review and we are making some difficult decisions internally to ensure we are the right size and shape for the future. We are simplifying our organisation, removing resource duplication across the business and enhancing efficiency in operating expenses. We expect this to deliver ongoing operational efficiencies of £100m per year, and an even higher degree of focus on the most value-accretive projects.

Financial performance

	Adjusted		Reported	
	Mar 2025	Mar 2024*	**Mar 2025**	Mar 2024
Operating profit (£m)	**2,419.2**	**2,426.4**	**1,962.2**	**2,608.2**
EBITDA £m	3,349.3	3,295.6	2,738.3	3,333.1
Profit before tax (£m)	2,138.2	2,200.9	1,850.9	2,495.1
Earnings Per Share (EPS) pence	**160.9**	**160.9**	**108.2**	**156.7**
Net debt and hybrid capital £	10,186.7	9,435.7	9,513.9	8,097.8
Full year dividend per share pence	**64.2**	**60.0**	**64.2**	**60.0**
Investment, capital & acquisitions £m	2,910.4	2,476.7	3,837.0	3,285.6
SSEN Transmission RAV – £m (100% basis)	–	–	7,171	5,676
SSEN Distribution RAV – £m	–	–	5,737	5,301
SSE Total Electricity Networks RAV – £m (100% basis)	–	–	**12,908**	**10,977**

* Comparative financial information has been restated, please see note 1.2 to the Financial Statements.

A strong balance sheet

Alongside the quality of our assets and pipeline, and the talents of our people, the strength of our balance sheet has played a large part in our continuing success.

Significant energy market and interest rate volatility have been features of the first half of our five-year NZAP Plus plan. Throughout, our solid investment grade credit ratings have remained above or in line with peers.

As we have moved through the investment plan, net debt to EBITDA has drifted upwards. As at 31 March it was 3.2x, in line with our expectation that it will reach around 4x by FY27. Ours is a fully-funded plan with half of the investment already made, and we have headroom to accommodate the additional spending that we anticipate out to FY27 and beyond.

Over and above this balance sheet strength we have various sources of near-term funding open to us should value-adding investment opportunities emerge between now and 2030. These potential funding sources include, but are not limited to, a rich portfolio of stake sale options in world-class assets, additional debt capacity, access to extra hybrid funding, and uncommitted capex that could be reallocated if required.

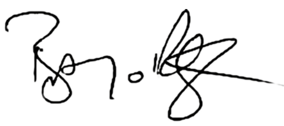
Growth-focused dividends

Dividends have always been an important part of delivering value to our investors, and we remain committed to delivering on a five-year dividend plan that supports the growth of the Group while offering an attractive total return to shareholders over the long term.

Given the strong set of sustainable earnings reported for 2024/25, we are recommending a final dividend of 43.0 pence, taking the full year dividend to 64.2 pence, an increase of 7% on the prior year.

Clarity on FY27 delivery

While we have revised our spending plan out to FY27, this doesn't change our earnings expectations for the Group. We remain confident about meeting our FY27 target of 175-200p adjusted Earnings Per Share, underpinned by anticipated growth across businesses and assets which are at the heart of an energy transition built on renewables, networks and flexibility.



Barry O'Regan
Chief Financial Officer, SSE plc

20 May 2025

▲ Barry O'Regan addresses colleagues from SSE Renewables at a conference in Glasgow

Financial review

Year ended 31 March 2025

In order to present the financial results and performance of the Group in a consistent and meaningful way, SSE applies a number of adjusted accounting measures throughout this financial report. These adjusted measures are used for internal management reporting purposes and are believed to present the underlying performance of the Group in the most useful manner for shareholders and other stakeholders. The definitions SSE uses for adjusted measures provide a consistent basis to assess performance and are explained – including a detailed reconciliation to reported measures – in the Alternative Performance Measures section of this document.

Group operating profit

The Group's balanced business mix delivered another strong financial performance in the year, despite continued wider economic turbulence and the expected normalisation of commodity price volatility.

Within this, the adjusted operating profit contribution from **Networks** and **Renewables** increased on prior year, contributing a combined 87% of the total adjusted operating profit compared to 63% in the prior year. This increase reflects the strong operating performance and continued investment in both businesses this year, in addition to one-off cost recoveries in networks through the regulatory price control. As expected at the start of the year, the significant decrease in market spark spread price volatility meant that adjusted operating profits from the flexible **Thermal** business declined 75% on the prior year. Finally, **Energy Customer Solutions** continued to see supply margins return to more sustainable levels whilst delivering tariff reductions to customers as energy prices stabilised.

Reported operating profit, in addition to the movements above, includes both the net re-measurement on forward contract derivatives under IFRS 9 as well as exceptional items and other financial items which are excluded from adjusted results on the basis they are materially non-recurring, uncontrollable or exceptional. Reported operating profitability decreased by (25)%, mainly as a large net-remeasurement gain on forward contract derivatives in the prior year moved to a small net-remeasurement loss in the current year. These remeasurements are unrelated to underlying operating performance. In addition, the current year result reflected exceptional charges totalling £(309.7)m, mainly comprising a £(249.5)m non-cash impairment of the Group's investment in the Southern Europe Renewables pipeline. This impairment reflects sector-wide delays impacting permitting and grid connections, which has meant the build-out of this platform has been slower than originally planned.

Operating profit performance for the Year to 31 March 2025

Key Financial Metrics (£m)

	Adjusted		Reported	
	Mar 2025 £m	Mar 2024[1] £m	**Mar 2025 £m**	Mar 2024[1] £m
Segmental operating profit/(loss)				
SSEN Transmission	322.5	419.3	430.0	559.1
SSEN Distribution	736.0	272.1	736.0	272.1
Electricity networks total	**1,058.5**	**691.4**	1,166.0	**831.2**
SSE Renewables	**1,038.8**	**833.1**	617.6	**630.3**
SSE Thermal	248.5	752.5	240.8	660.8
Gas Storage	(37.1)	82.8	(45.5)	(42.2)
Thermal Total	**211.4**	**835.3**	**195.3**	**618.6**
SSE Business Energy	32.7	55.2	32.2	55.2
SSE Airtricity (NI and ROI)	159.4	95.0	157.0	94.5
Energy Customer Solutions Total	**192.1**	**150.2**	**189.2**	**149.7**
SSE Energy Markets	**30.0**	**37.5**	**(42.9)**	**588.6**
Neos Networks	**(22.2)**	**(32.3)**	**(33.3)**	**(116.1)**
Corporate unallocated	**(89.4)**	**(88.8)**	**(129.7)**	**(94.1)**
Total operating profit	**2,419.2**	**2,426.4**	**1,962.2**	**2,608.2**
Net finance (costs)/income	(281.0)	(225.5)	(111.3)	(113.1)
Profit before tax	**2,138.2**	**2,200.9**	**1,850.9**	**2,495.1**
Tax charge	(296.4)	(371.0)	(518.0)	(610.7)
Effective tax rate (%)	*13.9*	*16.9*	*29.4*	*25.6*
Profit after tax	**1,841.8**	**1,829.9**	**1,332.9**	**1,884.4**
Less: hybrid equity coupon payments	(73.7)	(73.1)	(73.7)	(73.1)
Less: profits attributable to non-controlling interests	–	–	(69.8)	(100.8)
Profit after tax attributable to ordinary shareholders	**1,768.1**	**1,756.8**	**1,189.4**	**1,710.5**
Earnings Per Share (pence)	**160.9**	**160.9**	**108.2**	**156.7**
Number of shares for basic/reported and adjusted EPS (million)	1,099.2	1,091.8	1,099.2	1,091.8
Shares in issue at 31 March (million)[2]	1,106.3	1,093.4	1,106.3	1,093.4

1 Comparative financial information has been restated, please see note 1.2 to the Financial Statements.
2 Excludes Treasury shares of 4.9m in March 2025 and 2.8m in March 2024.

Segmental EBITDA results are included in note 5 to the Financial Statements. Further detail on certain key financial metrics is included within the Supplemental Financial Information. For detailed Business Unit financial performance commentary, please refer to the Business Operating Review.

Financial review continued

Profit after tax and Earnings Per Share

Adjusted profit after tax was broadly flat year on year, reflecting an increase in net finance costs of 25% which was offset by a decrease in taxation of 20%. **Adjusted net finance costs increased** over the course of the year reflecting the generally higher level of adjusted net debt in the year, combined with a full year's interest charge on the non-recourse project financing relating to Seagreen offshore wind farm which was commissioned mid-way through the prior year. The **decrease in the adjusted taxation charge** was driven by "full expensing" capital allowance tax relief available on SSE's record levels of capital investment which reached £2.9bn this financial year.

Reported profit after tax includes the tax effect from the adjustments made to profit metrics as detailed in the previous section, as well as deferred tax arising as a result of differences in accounting and tax bases that give rise to potential future accounting credits or charges. Deferred tax for the Group increased by 39% on prior year, mainly due to the increase in the Group's capital investment programme.

Reflecting the movements above, adjusted Earnings Per Share was flat year on year at 160.9 pence with reported EPS decreasing by 31% to 108.2 pence.

Final dividend

SSE believes that dividends should be sustainable and based on earnings performance, while also enabling the longer-term growth prospects of its assets and operations. To that end, the existing dividend plan to 2026/27 is designed to balance income to shareholders with the appropriate funding for an accelerated growth plan that will ultimately create greater value and total return for shareholders over the long term.

In line with that dividend plan and reflecting financial performance in the year, SSE has announced a final dividend of 43.0 pence for payment on 18 September 2025. This amounts to a 2024/25 full year dividend of 64.2 pence, representing an increase of 7% on the prior year.

Dividend per Share (pence)

	Mar 2025	Mar 2024
Interim Dividend	21.2	20.0
Final Dividend	43.0	40.0
Full Year Dividend	**64.2**	**60.0**

Capital expenditure programme

Adjusted Investment and Capex Summary	Mar 2025 Share %	Mar 2025 £m	Mar 2024 £m
SSEN Transmission (net of 25% non-controlling interest)	33%	953.5	595.6
SSEN Distribution	22%	635.8	505.1
Regulated networks total	**55%**	**1,589.3**	**1,100.7**
SSE Renewables	**34%**	**1,001.8**	**1,097.1**
SSE Thermal	6%	183.1	109.2
Gas Storage	–	0.7	0.8
Thermal Energy Total	**6%**	**183.8**	**110.0**
Energy Customer Solutions	3%	80.0	99.4
SSE Energy Markets	–	8.7	9.1
Corporate unallocated	2%	46.8	60.4
Adjusted investment and capital expenditure	**100%**	**2,910.4**	**2,476.7**
Adjusted investment, capital and acquisitions expenditure	**100%**	**2,910.4**	**2,476.7**

1 Comparative financial information has been restated, please see note 1.2 to the Financial Statements.

Capital expenditure programme

During the year ended 31 March 2025, SSE's adjusted investment, capital and acquisitions expenditure totalled £2,910.4m, compared to £2,476.7m in the prior year.

Investment in the reporting year was driven mainly by SSE's renewables and electricity networks divisions, with limited deployment of capital in thermal and other businesses, and no acquisitions expenditure.

In SSEN Transmission, £953.5m net capex was delivered including £103m on the EGL2 subsea HVDC being jointly delivered with National Grid, as onshore works get under way, and £85m on the Skye reinforcement as substation enabling works commence ahead of the overhead line consent decision. Construction has also commenced on the Orkney High Voltage Alternating Current system where £77m net capex was delivered and £86m was invested in Argyll and Kintyre after final planning approvals for the 275kV upgrade were granted in the year.

In SSEN Distribution, capital investment of £635.8m marks an increase of over 26% compared to the prior year as the business advances into year two of its ambitious RIIO-ED2 plan and local transformation programme. In the north, £221m was invested, with delivery of subsea cable projects from Orkney to Shapinsay and Jura to Islay continuing, alongside ongoing programmes to replace aging assets across the region. In the south, expenditure of £415m included ongoing works at Iver in West London and the Bramley–Thatcham reinforcement near Reading, in addition to the Leamington Park Network Upgrade and again alongside ongoing programmes to replace aging assets.

SSE Renewables invested a total of £1,001.8m during the year. In onshore wind this included £56m at Viking wind farm on Shetland which was completed during August 2024 and £47m at Yellow River wind farm in Ireland which is approaching completion. In offshore wind, progress has continued at Dogger Bank A, with £176m of equity and shareholder loans drawn to support construction ahead of completion expected in the second half of 2025. Across the battery and energy storage system (BESS) portfolio, £81m was invested at Ferrybridge (West Yorkshire) where completion is expected in 2025, and £132m and £44m invested at the Monk Fryston and Fiddlers Ferry projects respectively with completion expected at both sites during 2026.

Financial outlook

Financial outlook for 2025/26

SSE's balanced portfolio of assets across electricity networks, renewables and flexible thermal generation provides a diverse and resilient business mix, with a high level of exposure to a strong, predictable regulatory environment that continues to create sustainable value despite a changing macro environment.

Reflecting this, the Group has set out the following expectations for the forthcoming year:

- **SSEN Transmission** – it is expected that adjusted operating profit will be more than 1.5 times higher than 2024/25, reflecting increased allowed revenue generated by continued investment growth in this business.
- **SSEN Distribution** – anticipates that adjusted operating profit will be less than half of 2024/25, as allowed revenue is expected to decrease by around £400m with the reversal of one-off inflationary cost recoveries.
- **SSE Renewables** – is expected to deliver higher adjusted operating profit than 2024/25, as increased capacity additions such as Dogger Bank A and a full year contribution from Viking more than offset the impact from lower power prices.
- **SSE Thermal and Gas Storage** – with the step up in contracted Capacity Market payments starting in financial year 2026/27, it is expected that the adjusted operating profit for these businesses will be similar to 2024/25, assuming similar market conditions.
- **Energy Customer Solutions** – as income from legacy wind farms starts to unwind, it is expected that the adjusted operating profit for these businesses will be lower than 2024/25.

These expectations are subject to normal weather conditions, current market conditions and plant availability.

Consistent with the approach taken in prior years, SSE will look to give specific adjusted Earnings Per Share guidance later in the financial year.

In line with SSE's existing dividend plan to 2026/27, it is expected that the dividend will increase by between 5 – 10% this financial year. However, in order to simplify the application of this commitment, the Group will move to a more formulaic approach to calculating interim dividends. Reflecting the inherent seasonality of the business, the interim dividend will be calculated as one-third of the prior year full dividend. Therefore, for 2025/26, the interim dividend is expected to be 21.4 pence, being one-third of the 2024/25 full year dividend of 64.2 pence. The Board will continue to recommend the final dividend in May, as part of the Full-year Results Statement, which will reflect an increase of between 5 – 10%.

Capital expenditure and investment continues to increase, as more projects enter construction. Full year capex is expected to continue to increase to over £3.0bn, with the net debt to EBITDA ratio expected to be towards the middle of the 3.5 – 4.0x targeted range across the five-year investment plan and well within a strong investment grade.

Net Zero Acceleration Programme Plus

An evolving investment programme

When SSE set out its first "Net Zero Acceleration Programme" in November 2021, it recognised the significant optionality the Group had within its business mix across the value chain and the need to flex investment as opportunities evolved. This evolution has been evident throughout each iteration of that investment plan, as the Group has steadily upweighted its investment in regulated electricity networks to reflect the growing opportunities there.

However, the Group's investment plans have not been immune to the changing macroeconomic environment and wider delays to the planning processes which have been seen over the last twelve months. Reflecting this investment landscape, the Group today announces a reduction in the overall size of the capital investment plan to around £17.5bn over the five years to 31 March 2027. Around 90% of this investment plan is currently committed, with the remainder subject to delay or potentially even cancellation if the right investment conditions do not emerge.

As noted above, the majority of this reduction is in our energy markets focused businesses with the overall investment plan continuing to reflect an upweighting towards regulated electricity networks:

- **SSEN Transmission (~40% or ~£7.0bn)** to deliver the RIIO-T2 baseline investment programme in addition to part of the eleven LOTI and ASTI projects which have regulatory approval and are critical to removing existing constraints within the electricity transmission network. This investment is expected to increase gross RAV to between £12 – 13bn by the end of 2026/27.
- **SSEN Distribution (~20% or ~£3.5bn)** in delivery of its RIIO-ED2 investment programme which continues to progress at pace. This business expects RAV to increase to around £7bn by the end of 2026/27.
- **SSE Renewables (~30% or ~£5.5bn)** to deliver its existing construction programme. With the business continuing to focus on financial discipline and selective renewables growth only where it is value accretive, it is reducing its capacity targets to ~7GW installed capacity by the end of 2026/27 with ~1GW under construction at that time.
- **SSE Thermal and other businesses (~10% or ~£1.5bn)** of which around 70% has been invested to date on projects such as Keadby 2 and Slough Multifuel, with the remainder largely comprising maintenance capex and technological investment.

In conjunction with this reduction in investment, and in line with SSE's commitment to capital and operational discipline, the Group commenced an operating and efficiency review, intended to ensure that SSE has the right structures, resourcing and accountabilities to maximise the growth opportunities ahead.

With over 90% of the revised investment plan expected to be invested in electricity networks and renewables, the substantial majority is focused on projects that support SSE's 2030 Goals which are linked to its most highly-material UN Sustainable Development Goals (SDGs) and aligned to the Technical Screening Criteria of the EU Taxonomy.

Balance sheet strength and stability

A core part of SSE's success has been its ability to realise value from disposals, create sustainable earnings growth and raise capital at highly attractive terms. Over the plan to date, more than £4bn of long-term debt has been issued at attractive, fixed coupons despite volatile market conditions.

The Group continues to target a range of between 3.5 – 4.0x net debt / EBITDA over the course of the investment plan to 2026/27, reaching around the top end of that range in the final year.

Significant additional funding optionality remains available to the Group out to FY27, with strong investment grade credit ratings providing further significant net debt capacity, access to around £2bn of additional hybrid borrowing which continues to increase over time, a portfolio of capital recycling options and partnering opportunities which include the option for a minority stake sale in SSEN Distribution and finally the ability to continually flex investment across businesses.

	Updated plan	Prior plan	Reduction
SSEN Transmission	£7.0bn	£7.5bn	(£0.5bn)
SSEN Distribution	£3.5bn	£3.5bn	–
SSE Renewables	£5.5bn	£7.0bn	(£1.5bn)
SSE Thermal & Other	£1.5bn	£2.5bn	(£1.0bn)
Total	**£17.5bn**	**£20.5bn**	**(£3.0bn)**

Financial review continued

While full optionality on sources of funding remains, any future funding decision will be based on the option that creates maximum value for shareholders.

Commitment to delivering earnings growth and dividend plan

After considering the Group's reduced investment plan to 2026/27, in addition to the current and forecasted market conditions, SSE continues to be highly confident about reaching its 175 – 200p adjusted EPS guidance range for 2026/27. This confidence reflects an increased level of clarity on revenue growth including:

- **Electricity networks,** where in flight investments are expected to grow the regulatory asset base by ~50% over the next two years to around £20bn gross, driving increasing allowed revenues under the regulatory price controls;
- **Renewables capacity,** where output is expected to grow by ~40% or around 6TWh through delivery of under construction projects such as Dogger Bank phases A and B in addition to full year contributions from other projects such as Viking and Yellow River. The Group's hedging approach has already locked in over two-thirds of the expected merchant exposure in that financial year; and
- **Secured capacity market payments** across flexible thermal and hydro renewables are due to increase by around £150m in 2026/27 from 2025/26 – equivalent to an increase of adjusted EPS of around 10 pence with a further c.£150m increase secured for 2027/28.

Reflecting the continued confidence in delivering this sustainable earnings growth, the Group continues to target dividend increases of between 5 to 10% per year across 2025/26 and 2026/27. This dividend plan retains the scrip dividend option for shareholders, with a 25% cap on take-up implemented (if necessary) by means of a share buy-back.

Supplemental financial information

Changes to presentation and prior year adjustments

During the year, the Group has restated prior year segmental disclosures as previously announced and simplified adjusted profit metrics as set out below.

Restructuring of SSE Enterprise

SSE Enterprise has long been the incubator of new propositions for SSE, unlocking a number of new commercial opportunities including behind-the-meter solar and battery and energy optimisation services. SSE commenced a restructuring of this business in September 2024 to build an enhanced platform for growth and, following completion of this process, structural changes have now been made to incorporate the constituent parts of the business into other areas of the SSE Group as follows:

- **SSE Thermal** has taken responsibility for the Slough, Heat and Power business;
- **SSE Business Energy** has taken responsibility for private electric networks and businesses aligned with the provision of low carbon energy solutions to customers; and
- **SSE Energy Markets** has taken responsibility for energy optimisation services.

Comparative segmental financial information has been restated to reflect this restructuring, with the impact detailed in note 1.2 of the Financial Statements.

Alternative Performance Measures – interest on net pension assets/liabilities

In prior years, the Group's Alternative Performance Measures (APMs) excluded the non-cash interest credit or charge relating to defined benefit pension schemes valued under IAS 19 "Employee Benefits". This adjustment is now deemed unnecessary since the pension interest adjustment is less volatile and immaterial to the Group.

Comparative APMs have been restated to remove this adjustment, which increases adjusted profit before tax by £26.2m and adjusted Earnings Per Share by 2.4 pence in the year ended 31 March 2024. For the year ended 31 March 2025, the equivalent interest on net pension assets was £20.7m and increased adjusted EPS by 1.9 pence.

There have been no other changes to the way the Group calculates its APMs in the current year.

Exceptional items and certain re-measurements

Exceptional items

In the year ended 31 March 2025, SSE recognised a net exceptional charge within continuing operations of £(309.4)m before tax. The following table provides a summary of the key components included in the net charge:

Exceptional (charges)/credits within continuing operations	Total £m
Southern Europe renewables pipeline impairment	(249.5)
Enerveo impairment	(13.5)
Restructuring costs	(46.7)
Other	0.3
Total exceptional charge	**(309.4)**

Note: The definition of exceptional items can be found in note 3.2 of the Financial Statements.

The detail behind the exceptional items noted above is contained within note 7.1 of the Financial Statements.

Group-wide operating model and efficiency review

During the year, in line with SSE's commitment to capital and operational discipline, the Group commenced an operating model and efficiency review, intended to ensure that SSE has the right structures, resourcing and accountabilities to maximise the growth opportunities ahead. This review recognises that the timing, pace and returns from investment in each business will be different, reflecting both the changing macroeconomic environment as well as other external factors such as policy development, regulatory reform and consenting delays.

Whilst the first phase of this review is expected to complete by the end of June 2025, a number of efficiency and cost control measures have already been taken across the Group and most notably within the Corporate, Energy Customer Solutions and SSE Renewables businesses.

These measures have been taken to improve operational efficiency, increase organisational competitiveness and rebalance those businesses for future growth. At present, we anticipate that targeted measures could result in around £100m of annual recurring efficiencies across the Group.

Certain re-measurements

Certain re-measurements within continuing operations	Total £m
Operating derivatives (including share from jointly controlled entities net of tax)	(70.1)
Commodity stocks held at fair value	(8.4)
Financing derivatives	12.8
Total net re-measurement charge	**(65.7)**

Operating derivatives

SSE enters into forward purchase contracts (for power, gas and other commodities) to meet the future demands of its energy supply businesses and to optimise the value of its generation assets. Some of these contracts are determined to be derivative financial instruments under IFRS 9 and as such are required to be recorded at their fair value as at the date of the financial statements.

SSE shows the change in the fair value of these forward contracts separately as this mark-to-market movement does not reflect the realised operating performance of the businesses. The underlying value of these contracts is recognised as the relevant commodity is delivered, which for the large majority of the position at 31 March 2025 is expected to be within the next 6 – 18 months.

The change in the operating derivative mark-to-market valuation was a £(70.1)m negative movement from the start of the year, reflecting a £(49.0)m negative movement on fully consolidated operating derivatives combined with a £(21.1)m negative share of movement on derivatives in jointly controlled entities, net of tax.

The negative movement of £(49.0)m on fully consolidated operating derivatives includes:

- Settlement during the year of £(141.9)m of previously net "in-the-money" contracts in line with the contracted delivery periods; and
- A net mark-to-market re-measurement of £92.9m on unsettled contracts including affiliate CfDs, entered into in line with the Group's stated approach to hedging. This mark-to-market re-measurement reflects the reduced volatility seen in commodity markets during the year.

As in prior years, the reported result does not include re-measurement of 'own use' hedging agreements which do not meet the definition of a derivative financial instrument under IFRS 9 "Financial Instruments".

Commodity stocks held at fair value

Gas inventory purchased by the Gas Storage business for secondary trading opportunities is held at fair value with reference to the forward month market price. As trading churn towards the financial year end has combined with relative stability in gas prices, the book value is broadly aligned with the fair value.

However, whilst this assessment considers the net change in fair value of physical gas inventory held at the year end, it does not take into account any positive or negative mark-to-market movement on forward contracted sales. Therefore, similar to derivative contracts held at fair value, SSE does not expect that any valuation movement will reflect the final result realised by the business.

Financing derivatives

In addition to the movements above, a positive movement of £12.8m was recognised on financing derivatives in the year, including mark-to-market movements on cross-currency swaps and floating rate swaps that are classed as hedges under IAS 39. These hedges ensure that any fair value movement in net debt is predominantly offset by a movement in the derivative position. The positive movement was primarily driven by a Sterling strength on non-hedge FX and cross currency swap contracts.

These re-measurements are presented separately as they do not represent underlying business performance in the year. The result on financing derivatives will be recognised in adjusted profit before tax when the derivatives are settled.

Hedging position

The long-established approach to hedging followed by SSE looks to generally reduce its broad exposure to commodity price variation in advance of delivery. SSE continues to monitor market developments and conditions and periodically alters its hedging approach in response to changes in its exposure profile.

A summary of the hedging position for each of SSE's market-based businesses is set out below.

SSE Renewables – GB wind and hydro:

Energy output hedges are progressively established through the forward sale of either:

- Electricity – where market depth and liquidity allow;
- Gas and carbon equivalents – recognising that spark spread exposures remain; or
- Gas equivalents only – recognising that carbon and spark spread exposures remain.

This approach reflects that certain energy products have lower available forward market depth and liquidity. Whilst some basis risk or commodity exposure will remain, it facilitates the reduction of SSE Renewables' overall exposure to potentially volatile spot market outcomes.

The table below notes both the proportion of hedges and prices of those hedges for electricity and for gas alone. Due to market liquidity in later periods, there are no gas and carbon equivalent hedges in place.

The table below excludes any volumes and income under separate contracts such as CfDs, ROCs and Balancing Mechanism activity.

No hedging activity is undertaken for assets in early-stage construction, with hedging activity gradually built up over the construction period as greater certainty over operational dates is received.

SSE's established approach seeks to minimise the volumetric downside risk for renewable energy output by targeting a hedge of less than 100% of its anticipated wind energy output for the coming 12 months. The targeted hedge percentage is reviewed and adjusted as necessary to reflect any changes in market and wind capture insights.

Forward hedges for both wind and hydro are progressively established over a 36-month period, although the extent of hedging activity will depend on the available market depth and liquidity. Target hedge levels are achieved through the forward sale of either electricity or a combination of gas or carbon equivalents as outlined above.

	2024/25	2025/26	2026/27	2027/28
Wind				
Total energy output volumes hedged – TWh	**6.4**	**8.6**	**8.2**	**1.7**
– Hedge in electricity & equivalents – TWh	4.1	4.6	3.1	1.2
– Electricity hedge price – £MWh	£91	£87	£75	£68
– Hedge in Gas – TWh	2.3	4.0	5.1	0.5
– Gas hedge price – £MWh	£122	£77	£58	£50
Hydro				
Total energy output volumes hedged – TWh	**2.9**	**3.2**	**2.7**	**0.6**
– Hedge in electricity & equivalents – TWh	1.8	1.6	1.0	0.4
– Electricity hedge price – £MWh	£96	£86	£74	£68
– Hedge in Gas – TWh	1.1	1.6	1.7	0.2
– Gas hedge price – £MWh	£120	£82	£57	£52

Note: where gas and carbon trades have been used as a proxy for electricity, a constant 1 MWh:69.444 th and 1MWh:0.3815 te/MWh conversion ratio between commodities has been applied. These same ratios have been used to convert underlying commodity prices into electricity £MWh and therefore no assumptions have been made on either spark or carbon.

When gas-and-carbon hedges are converted into electricity hedges, a "spark spread" is realised which can lead to changes in the average hedge price expected. This can increase or decrease the previously published average hedge price or decrease it. Likewise, when gas hedges are subsequently converted into electricity hedges ahead of delivery, a carbon-and-spark spread value is realised which will also lead to changes in the average hedge price expected.

SSE Thermal:

Hedging for the flexible thermal fleet is by its nature dynamic, changing as market values vary with a constant process of re-optimisation to accrue future value for the Thermal fleet. At negative spark spreads this hedge volume is therefore likely to be very low; and at higher prices the hedge will be much larger.

At all times the Thermal portfolio offers the wider group protection from price spikes, renewables shortfall or asset availability issues and therefore has material risk management value to the Group.

Gas Storage:

The assets are commercially operated to optimise value arising from changes in the spread between summer and winter prices, market volatility and plant availability.

SSE Business Energy:

Sales to contract customers are hedged: at point of sale for fixed contract customers; upon instruction for flexi contract customers; and on a rolling hedge basis for tariff customers.

SSE Energy Markets:

This business provides the route to market and manages the execution for all of SSE's commodity trading outlined above (spark spread, power, gas and carbon). This includes monitoring market conditions and liquidity and reporting net Group exposures. The business operates under strict position limits and VAR controls.

There is some scope for position-taking to permit this business to manage around shape and liquidity and providing market insight whilst taking optimisation opportunities. This is contained within a total daily VAR limit of £9m.

Financial management and balance sheet

Debt metrics	**Mar 2025 £m**	Sep 2024 £m	Mar 2024 £m
Net Debt/EBITDA[1]	**3.2x**	**N/A**	**3.0x**
Adjusted net debt and hybrid capital (£m)	**(10,186.7)**	**(9,843.8)**	**(9,435.7)**
Average debt maturity (years)	5.6	**6.3**	6.4
Adjusted interest cover[2]	8.0x	**N/A**	9.8x
Average cost of debt at year end (including all hybrid coupon payments)	3.99%	**4.04%**	3.90%

1 Net debt represents the Group adjusted net debt and hybrid capital. EBITDA represents the full year Group adjusted EBITDA, less £153.3m at March 2025 for the proportion of adjusted EBITDA from equity-accounted Joint Ventures relating to project financed debt.

2 Comparative financial information restated to reflect change to adjusted net finance costs APM, please see note 1.2 to the Financial Statements.

Net finance costs reconciliation	**Mar 2025 £m**	Mar 2024[1] £m
Adjusted net finance costs	**281.0**	**225.5**
Add/(less):		
Lease interest charges	(26.9)	(25.8)
Notional interest arising on discounted provisions	(27.2)	(25.2)
Hybrid equity coupon payment	73.7	73.1
Adjusted finance costs for interest cover calculation	300.6	247.6

1 Comparative financial information has been restated, please see note 1.2 to the Financial Statements.

Principal Sources of debt funding	**Mar 2025 £m**	Sep 2024 £m	Mar 2024 £m
Bonds	60%	62%	58%
Hybrid debt and equity securities	16%	17%	18%
European investment bank loans	4%	4%	5%
US private placement	7%	7%	8%
Short-term funding	10%	7%	8%
Index-linked debt	3%	3%	3%
% of which has been secured at a fixed rate	**91%**	**94%**	**93%**

Rating Agency	Rating	Criteria	Date of Issue
Moody's	Baa1 'stable outlook'	'Low teens' Retained Cash Flow/Net Debt	17 January 2025
Standard and Poor's	BBB+ 'stable outlook'	About 18% Funds From Operations/Net Debt	20 December 2024

Maintaining a strong balance sheet

A key objective of SSE's long-term approach to balancing capital investment, debt issuance and securing value and proceeds from disposals is by maintaining a strong net debt/EBITDA ratio. SSE calculates this ratio based on a methodology that it believes best reflects its activities and commercial structure, in particular its strategy to secure value from partnering by using Joint Ventures and non-recourse project financing.

SSE considers it has the capacity to reach a ratio of up to around 4.5x, whilst remaining above the equivalent ratios required for a strong investment grade credit rating.

Given the strength of the Group's balance sheet, the net debt/EBITDA ratio at 31 March 2025 was 3.2x. It is expected that this ratio will trend upwards to around 4.0x, as the Group delivers on its ~17.5bn investment plan to 31 March 2027.

Adjusted net debt and hybrid capital

SSE's adjusted net debt and hybrid capital was £10.2bn at 31 March 2025, an increase of £0.8bn from 31 March 2024. With no significant acquisitions or divestments in the year, the debt movement predominantly relates to capital investment expenditure, working capital movements and dividend payments partially offset by operating cash flows and revaluation of foreign currency debt.

Debt summary as at 31 March 2025

The Group and its Scottish Hydro Electric Transmission (SHET) plc entity together issued £1.4bn of new long-term debt in the financial year whilst also continuing to roll short-term Commercial Paper at similar levels to March 2024. Substantial issuances include:

- In June 2024 SHET plc issued a 1.5bn NOK (£111m) 10-year private placement maturing June 2034 with a coupon of 4.731% and an all-in GBP cost of 5.3315% once swapped back to Sterling.
- In August 2024 SHET plc issued a €850m (£715m) 8-year green bond maturing September 2032 with a coupon of 3.375% and an all-in GBP cost of 4.9127% once swapped back to Sterling.
- In March 2025 SSE plc issued a €600m (£503m) 7-year green bond maturing March 2032 with a coupon of 3.50%. This bond has been predominantly left in Euros as a net investment hedge against the Group's Euro denominated assets.
- Over the course of the year, SSE plc rolled maturing short-term Commercial Paper at similar levels to March 2024. On 31 March 2025, €1,075m (£891m) Commercial Paper was in issue in Euros and swapped back to Sterling at an average cost of debt of 5.0%, maturing between April and June 2025.

Medium- to long-term debt maturing in the year comprised $320m (£204m) of US Private Placements which matured in April 2024.

Over the next 12 months there is a further £1.0bn of medium- to long-term debt and £1.2bn of short-term debt maturing.

Medium-term debt is the €600m (£531m) Eurobond maturing 16 April 2025 and €600m (£503m) Eurobond maturing 8 September 2025. Short-term debt is £340m of facility advances on the SHET plc £1.5bn committed facility and €1,075m (£891m) of Commercial Paper, however the current intention is to roll this maturing short-term debt forward throughout the 2025/26 financial year.

Hybrid bonds summary as at 31 March 2025

Hybrid bonds are a valuable part of SSE's capital structure, helping to diversify SSE's investor base and supporting credit ratings, as their 50% equity treatment by the rating agencies is positive for credit metrics.

A summary of SSE's hybrid bonds as at 31 March 2025 can be found below:

Issued	Hybrid Bond Value[1]	All-in rate[2]	First Call Date	Accounting Treatment
July 2020	£600m	3.74%	Apr 2026	Equity accounted
July 2020	€500m (£453m)	3.68%	Jul 2027	Equity accounted
April 2022	€1bn (£831m)	4.00%	Apr 2028	Equity accounted

1 Sterling equivalents shown reflect the fixed exchange rate on date of receipt of proceeds and is not subsequently revalued.
2 All-in rate reflects coupon on bonds plus any cost of swap into sterling which currently only applies to July 2020 Hybrid.

Further details on each hybrid bond can be found note 22 to the Financial Statements and a table detailing coupon payments is shown below:

Hybrid coupon payments

	2025/26		2024/25	
	HYe	FYe	HYa	FYa
Total equity (cash) accounted hybrid coupon[1]	**£74m**	**£74m**	**£74m**	**£73m**

1 Coupon payments on €1.5bn of hybrid bonds remain denominated in Euros, and are therefore subject to foreign exchange adjustments.

Managing net finance costs

SSE's adjusted net finance costs – which exclude equity accounted hybrid coupons – were £(281.0)m in the year ended 31 March 2025, compared to £(225.5)m in the previous year. The higher level of finance costs in the year is driven by a higher net debt position, a higher share of Joint Venture interest costs, predominantly due to interest charges from Seagreen offshore wind farm project finance. This is partially offset by higher capitalised interest costs reflecting continued increasing construction activity.

Reported net finance costs were £(111.3)m compared to £(113.1)m in the previous year. Higher interest charges incurred in Joint Ventures combined with a £6.7m greater beneficial movement on financing derivatives as previously referenced, more than offset the increase seen in adjusted net finance costs.

Summarising cash and cash equivalents

At 31 March 2025, SSE's adjusted net debt included cash and cash equivalents of £1.1bn, which is broadly unchanged from March 2024.

Cash collateral is only required for forward commodity contracts traded through commodity exchanges, with the level of cash collateral either provided or received depending on the volume of trading through the exchanges, the periods being traded and the associated price volatility.

At 31 March 2025, £72.9m of net cash collateral was held (2024: £353.2m net held) consisting of £82.5m received offset by £9.6m deposited on the commodity trading exchanges. The decrease in cash collateral posted reflects a decrease in the "in the money" trading positions held by the Group.

Financial review continued

Short-term funding

SSE had £3.0bn (gross of the Minority Interest in SHET plc) of committed bank facilities in place at 31 March 2025 to ensure the Group has sufficient liquidity to allow day-to-day operations and investment programmes can continue in the event of disruption to Capital Markets preventing SSE from issuing new debt for a period of time. These facilities are set out in the table below.

Date	Issuer	Debt type	Term	Value
Oct 24	SSE plc	Syndicated Revolving Credit Facility with 15 Relationship Banks	2029	£1.5bn
Oct 24	SHET plc	Syndicated Revolving Credit Facility with 15 Relationship Banks	2029	£1.5bn

The facilities can also be utilised to cover short-term funding requirements. There was £340m drawings on the SHET plc facility and no drawings on the SSE plc facility as at 31 March 2025.

Both these new facilities have two one-year extension options and are classified as sustainability linked with interest rate and fees paid dependant on various ESG-related metrics being achieved.

In addition to the above, a $300m private placement shelf facility exists with NY Life which can be drawn in approximately two equal tranches 12 months apart before February 2026. At 31 March 2025 no drawings have been made on this facility. The Group also has access to a £21m of overdraft facilities.

Maintaining a prudent treasury policy

SSE's treasury policy is designed to be prudent and flexible. Cash from operations is first used to finance regulatory and maintenance capital expenditure and then dividend payments, with investment and capital expenditure for growth generally financed by a combination of cash from operations, bank borrowings and bond issuance.

As a matter of policy, a minimum of 50% of SSE's debt is subject to fixed rates of interest. In achieving this, SSE borrows as required on different interest bases with financial instruments being used to achieve the desired out-turn interest rate profile. At 31 March 2025, 91% of SSE's borrowings were at fixed rates (31 March 2024: 93%).

Borrowings are mainly in Sterling and Euros to reflect the underlying currency denomination of assets and cash flows within SSE. All other foreign currency borrowings are swapped back into either Sterling or Euros.

Transactional foreign exchange risk arises in respect of procurement contracts, fuel and carbon purchasing, commodity hedging and energy portfolio management operations, and long-term service agreements for plant. SSE's policy is to hedge any material transactional foreign exchange risks using forward currency purchases and/or financial instruments. Translational foreign exchange risk arises in respect of overseas investments; hedging in respect of such exposures is considered on a case-by-case basis.

Operating a Scrip Dividend Scheme

SSE's Scrip Dividend Scheme was renewed for a three-year period at the 2024 AGM. As part of the Group's dividend plan to 2026/27, take-up from the Scrip Dividend Scheme is capped at 25%. This cap is implemented by means of a share repurchase programme, or 'buyback', following payment of the final dividend. The scale of any share repurchase programme would be determined by shareholder subscription to Scrip Dividend Scheme across the full year, taking into account the interim and final dividend elections.

Overall Scrip Dividend take-up for the 2023/24 financial year was 35.7%, therefore the Group initiated a share buy-back programme to limit any dilutive effect back to 25%. This share buy-back programme commenced on 30 September 2024 and completed on 16 October 2024, following the repurchase of 3.8m ordinary shares.

Principal Joint Ventures and Associates

SSE's financial results include contributions from equity interests in joint ventures ("JVs") and associates, all of which are equity accounted. The details of the most significant of these are included in the table below. This table also highlights SSE's share of off-balance sheet debt associated with its equity interests in JVs which totals around £3.7bn as at 31 March 2025.

SSE principal JVs and associates[1]	Asset type	SSE holding	SSE share of external debt	SSE Shareholder loans
Marchwood Power	920MW CCGT	50%	No external debt	No loans outstanding
Seabank Power	1,234MW CCGT	50%	No external debt	No loans outstanding
Slough Multifuel	55MW energy-from-waste facility	50%	No external debt	£181m
Triton Power Holdings	1,200MW CCGT & 140MW OCGT	50%	No external debt	No loans outstanding
Beatrice Offshore Windfarm	588MW offshore wind farm	40%	£567m	Project financed
Dogger Bank A Wind Farm	1,200MW offshore wind farm	40%	£950m	£188m
Dogger Bank B Wind Farm	1,200MW offshore wind farm	40%	£941m	Project financed
Dogger Bank C Wind Farm	1,200MW offshore wind farm	40%	£807m	Project financed
Ossian Offshore Windfarm	ScotWind seabed	40%	No external debt	No loans outstanding
Seagreen Wind Energy	1,075MW offshore wind farm	49%	£400m	£961m[2]
Seagreen 1A	Offshore wind farm extension	49%	No external debt	£29m
Lenalea Wind Farm	30MW onshore wind farm	50%	No external debt	£14m
Lely Alpha Offshore Wind	Netherlands seabed	50%	No external debt	£34m
Clyde Windfarm	522MW onshore wind farm	50.1%	No external debt	£127m
Dunmaglass Wind Farm	94MW onshore wind farm	50.1%	No external debt	£47m
Stronelairg Wind Farm	228MW onshore wind farm	50.1%	No external debt	£89m
Cloosh Valley Wind Farm	105MW onshore wind farm	25%	No external debt	£25m
Neos Networks	Private telecoms network	50%	No external debt	£84m

1 Greater Gabbard, a 504MW offshore wind farm, is proportionally consolidated and reported as a Joint Operation with no loans outstanding.
2 For accounting purposes, £315m of the £961m of SSE shareholder loans advanced to Seagreen Wind Energy Limited have been classified as equity.

Taxation

SSE is one of the UK's biggest taxpayers, and in the Total Tax Contribution survey published in November 2024 was ranked 14th out of the 100 Group of Companies in 2024 in terms of taxes borne (those which represent a cost to the company, and which are reflected in its financial results).

SSE considers being a responsible taxpayer to be a core element of its social contract with the societies in which it operates and seeks to pay the right amount of tax on its profits, in the right place, at the right time. While SSE has an obligation to its shareholders, customers and other stakeholders to efficiently manage its total tax liability, it does not seek to use the tax system in a way it is not meant to operate or use tax havens to reduce its tax liabilities.

SSE was the first FTSE 100 company to be Fair Tax Mark accredited and has now been accredited for ten years.

In November 2024, SSE published its 'Talking Tax 2024: ten years of tax transparency' report. It did this because it believes building trust with stakeholders on issues relating to tax is important to the long-term sustainability of the business. SSE also won PwC's Building Public Trust Award for Tax Reporting in the FTSE 350 for the third consecutive year in November for the quality of its tax reporting.

In the year, SSE paid £592.1m of profit taxes, property taxes, environmental taxes, and employment taxes in the UK, compared with £679.2m in the previous year. The decrease in total taxes paid was primarily due to less corporation tax being paid on UK profits. This was the result of higher capital allowances on capital investment (see below), partly offset by higher amounts of Electricity Generator Levy due to higher electricity generation prices.

As with other key financial indicators, SSE's focus is on adjusted profit before tax and, in line with that, SSE believes that the adjusted current tax charge on that profit is the tax measure that best reflects underlying performance. SSE's adjusted current tax rate, based on adjusted profit before tax, was 13.9%, compared with 16.9% in 2023/24 on the same basis. The decrease in rate is primarily due to higher UK capital allowances on the Group's capital investment programme under full expensing, which was introduced by the UK Government from 1 April 2023.

The UK Finance Act (No.2) 2023 introduced legislation in respect of Multinational Top-up Tax in line with OECD BEPS pillar 2 principles, which came into force in the current year. Similar legislation has been introduced in the Republic of Ireland and other EU jurisdictions. The Group has undertaken modelling and has found there to be no impact arising as tax rates in the countries in which the Group operates exceed 15%.

Pensions

Contributing to employees' pension schemes – IAS 19	**March 25 £m**	March 24 £m
Net pension scheme asset recognised in the balance sheet before deferred tax £m	**501.8**	421.6
Employer cash contributions Scottish Hydro Electric scheme £m	**0.9**	1.0
Employer cash contributions SSE Southern scheme £m	**25.5**	27.1
Deficit repair contribution included above £m	**15.5**	16.3

In the year to 31 March 2025, the surplus across SSE's two pension schemes increased by £80.2m, from £421.6m to £501.8m, primarily due to actuarial gains of £52.8m and contributions to the schemes.

The valuation of the SSE Southern scheme increased by £65.8m in 2024/25 primarily due to actuarial gains of £45.1m driven by gains in actuarial assumptions and contributions to the scheme of £25.5m, offset by losses on plan assets.

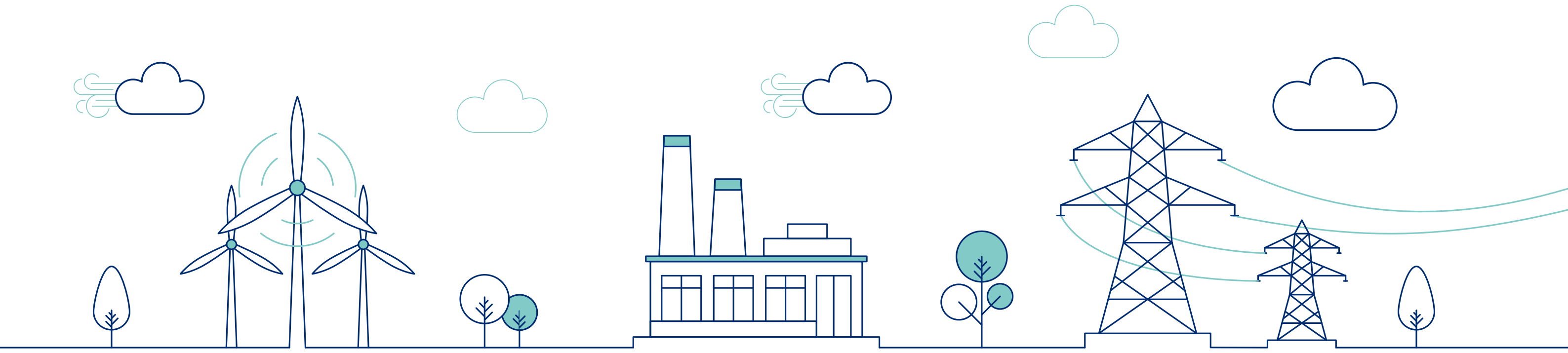
The Scottish Hydro Electric Pension scheme has partially insured against volatility in its deferred and pensioner members through the purchase of 'buy-in' contracts meaning that the Group only retains exposure to volatility in active employees. During the year the scheme's surplus increased by £14.4m driven by actuarial gains relating to actuarial assumptions, offset by losses on plan assets.

Additional information on employee pension schemes can be found in note 23 to the consolidated financial statements.

Business Unit operating review

How our businesses fit together

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.



SSE Renewables (M)

Who SSE Renewables serves
Electricity customers across GB, Ireland and selected overseas markets which are increasingly seeking lower-carbon sources of energy.

How it supports SSE's strategy
SSE Renewables is driving the net zero transition through the development, financing, construction and operation of world-class renewables in domestic and selected international markets. It also operates and develops pumped hydro storage that provides flexible and dispatchable electricity needed for a smooth transition to net zero.

How it is remunerated
Through wholesale electricity markets, ancillary services markets, capacity markets, balancing markets, power purchase agreements, and government schemes for renewable energy.

SSE Thermal (M)

Who SSE Thermal serves
Electricity suppliers, traders and other generators through the energy market; the national grid, and ultimately electricity customers.

How it supports SSE's strategy
SSE Thermal is providing critical flexibility to offset renewables variability as the energy system transitions to net zero. The strategic importance of its Gas Storage assets has been highlighted by recent world events and the increasing focus on national energy self-sufficiency.

How it is remunerated
The wholesale energy market, Capacity Market and ancillary services market provide the core revenue streams. The fleet also responds to forward market volatility and within day demand, providing flexible generation and storage.

SSEN Transmission (R)

Who SSEN Transmission serves
Electricity generators, large electricity demand customers and ultimately all electricity customers across the north of Scotland and beyond.

How it supports SSE's strategy
SSEN Transmission invests in critical infrastructure needed for a network for net zero that connects sources of renewable electricity to the national grid and transports it to areas of demand. The business is 75% owned by SSE plc and 25% by investment partner the Ontario Teachers' Pension Plan Board.

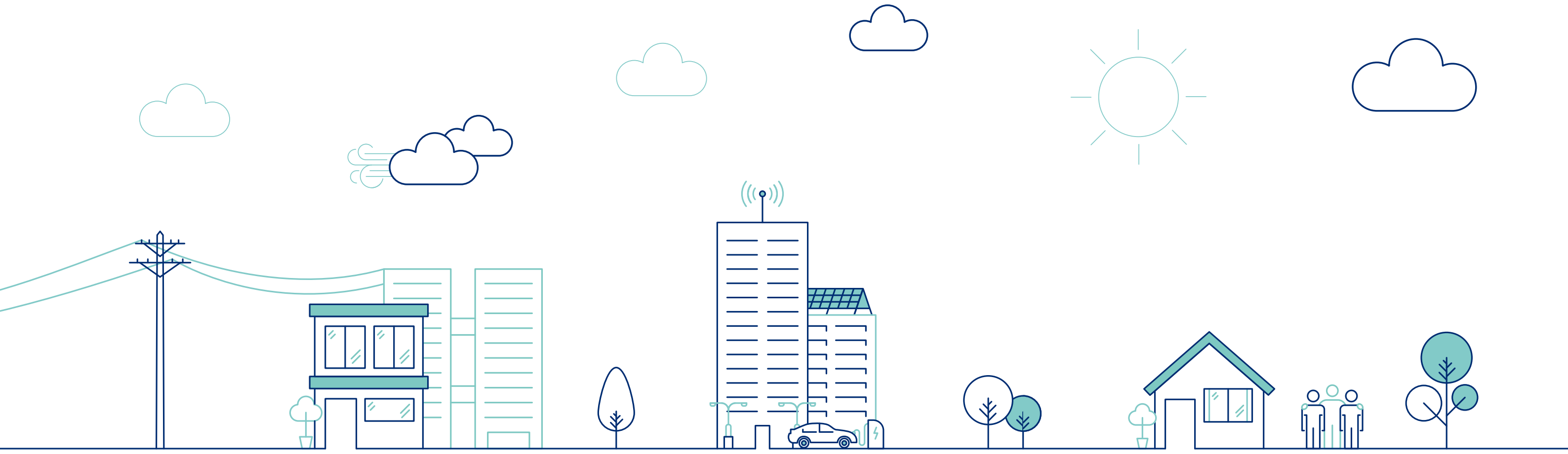
How it is remunerated
Through economically regulated returns and incentives that are recovered from users of the GB transmission system. In addition to baseline total expenditure agreed with Ofgem as part of the regulator's determination of business plans, Uncertainty Mechanisms permit recovery of additional revenue in a given price control period to reflect additional investment requirements. These Uncertainty Mechanisms fund network upgrades during the price control period.

← **Renewables** — **Flexibility** → ← **Networks**

Corporate Services

Who Corporate Services serves
The Corporate Services comprise central functions such as HR, IT, finance, legal, procurement, corporate affairs and investor relations. These services are being further optimised through SSE's recent operating review to provide its businesses with efficient, continuously improving, shared services, enabling informed decision making, and strategic delivery.

Key: (M) Market-focused businesses (R) Economically regulated businesses



SSEN Distribution

R

Who SSEN Distribution serves
Over 3.9m homes and businesses in two large, diverse licence areas in southern central England, and the north of Scotland.

How it supports SSE's strategy
SSEN Distribution drives the growth of net zero connections for the communities it serves. It does this through a combination of strategic network investment and the targeted deployment of flexible solutions. Together, these support increased connections to the network, and the increasing take-up of low-carbon technologies.

How it is remunerated
Through economically regulated returns recovered from customers and connecting parties. Additional earnings come through efficient delivery of investment and performance-related incentives.

SSE Energy Markets

M

Who SSE Energy Market serves
SSE's individual Business Units and the SSE Group.

How it supports SSE's strategy
The work SSE Energy Markets does is key to managing risk associated with the operations behind SSE's Net Zero Acceleration Programme Plus. It trades the principal commodities to which SSE's asset portfolios are exposed, as well as the spreads between two or more commodity prices (e.g. spark spreads); power (baseload and other products); gas; and carbon (emissions allowances). Each commodity has different risk and liquidity characteristics, which impacts the quantum of hedging possible.

How it is remunerated
It receives fees for providing energy trading services to the constituent parts of SSE and has a growing portfolio of third party assets that bring independent value to the Group.

Energy Customer Solutions

M

Who Energy Customer Solutions serves
770,000 domestic and business customers in the all-island Ireland energy market, and around 310,000 non-domestic customers in GB.

How it supports SSE's strategy
Energy Customer Solutions is responding to the climate emergency as a route to market for SSE's low-carbon energy generation and through the provision of a suite of energy solutions to customers on the transition to net zero.

How it is remunerated
By competing for customers and direct billing them or third party intermediaries, through state-supported schemes and through income from legacy wind farms contracted to SSE Airtricity.

Networks → ← **Routes to market** →

How it supports SSE's strategy
The Corporate Services functions develop and maintain SSE's strategic framework, set financial and ESG goals, provide capital funding, ensure compliance with regulatory requirements and offer regulatory and policy insight relevant to Business Unit objectives.

How it is remunerated
They are funded by the Business Units through a recharge model and corporate unallocated costs which are set out in the Financial Statements.

▶ See Our business model on page 7 for more on how SSE creates value

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.

▲ Seagreen wind farm's first full year of production boosted SSE Renewables output

SSE Renewables Key Performance Indicators

	March 2025	March 2024
Adjusted operating profit – £m	**1,038.8**	833.1
Reported operating profit – £m	**617.6**	630.3
Adjusted investment & capital expenditure – £m	**1,001.8**	1,097.1
GENERATION CAPACITY – MW		
Onshore wind capacity (GB) – MW	**1,728**	1,285
Onshore wind capacity (NI) – MW	**117**	117
Onshore wind capacity (ROI) – MW	**581**	582
Onshore wind capacity (Europe) – MW	**28**	–
Total onshore wind capacity – MW	**2,454**	1,984
Offshore wind capacity (GB) – MW	**1,014**	1,014
Conventional hydro capacity (GB) – MW	**1,164**	1,159
Pumped storage capacity (GB) – MW	**300**	300
Battery capacity (GB) – MW	**50**	–
Total renewable generation capacity (inc. pumped storage) – MW	**4,982**	4,457
Contracted capacity	**3,189**	2,792
GENERATION OUTPUT – GWH (INCLUDING COMPENSATED CONSTRAINTS)		
Onshore wind output (GB) – GWh	**4,447**	2,991
Onshore wind output (NI) – GWh	**224**	251
Onshore wind output (ROI) – GWh	**1,324**	1,352
Onshore wind output (Europe) – GWh	**17**	–
Total onshore wind output – GWh	**6,012**	4,594
Offshore wind output (GB) – GWh	**3,878**	3,178
Conventional hydro output (GB) – GWh	**2,946**	3,071
Pumped storage output (GB) – GWh	**324**	315
Battery output (GB)-GWh	**46**	–
Total renewable generation (inc. pumped storage & battery) – GWh	**13,206**	11,158

1 Capacity and output based on 100% of wholly owned sites and share of joint ventures
2 Total renewable generation capacity is increased by 526MW. This principally reflects 443MW from Viking wind farm, 50MW from Salisbury BESS and 28MW from Chaintrix wind farm.
3 Contracted capacity includes sites with a CfD, RESS contract, eligible for ROCs, or contracted under REFIT (CfD contracts may be still to commence).
4 Onshore GB wind output includes 1,290GWh of compensated constrained-off generation in FY2024/25 and 530GWh in FY2023/24; Offshore GB wind output includes 1,748GWh of compensated constrained-off generation in FY2024/25 and 701GWh in FY2023/24.
5 Biomass capacity of 15MW and output of 69GWh in FY2024/25 and 77GWh FY2023/24 is excluded, with the associated operating profit or loss reported within SSE Thermal.

Financial performance

Adjusted operating profit increased by 25% to £1,038.8m from £833.1m in the prior year. The increase reflected 18% higher output driven principally by increased operating capacity with Viking onshore wind farm (443MW) reaching completion in August 2024 and a full year contribution from Seagreen offshore wind farm (1,075MW, SSE share 49%). The increase in output was delivered in a higher hedged price environment, with 2024/25 hedge prices around 30% higher than the prior year, delivering value for SSE Renewables despite a still volatile price environment.

Reported operating profit decreased to £617.6m from £630.3m in the prior year. This reflects the above and other movements including a non-cash impairment of £249.5m relating to the Southern Europe Renewables pipeline, reflecting delays in permitting and grid connections resulting in a slower than originally anticipated build of these projects, and an increase in the Joint Venture/associate share of interest and tax.

Operational delivery

Year-on-year onshore wind volume increased by 31% from 4.6TWh to 6.0TWh, primarily due to the addition of Viking. Weather conditions were variable throughout the year, and operational availability was negatively impacted by the effects of Storm Éowyn in January 2025.

In offshore wind, output increased by 22% from 3.2TWh to 3.9TWh. The increase is primarily driven by the first full year of operations of Seagreen which saw a year-on-year increase in production, partially offset by variable weather conditions over the winter months.

In hydro, plant availability was strong but production decreased by 4% from 3.1TWh to 2.9TWh due to the impact from highly variable weather, ranging from extended lower-than-average rainfall periods to extreme storm events. Tummel Bridge returned to service in September 2024 following refurbishment, increasing output by 6MW to 40MW during optimum conditions.

Agreements for de-rated capacity were secured in the T-4 GB capacity auction for 1,238MW of hydro, pumped storage, onshore wind and solar generation at a clearing price of £60/kW. In the T-1 capacity auction, SSE Renewables secured a one-year contract for 30MW (SSE share) of offshore generation at Seagreen for delivery year 2025/26. In Ireland, contracts were secured for 11MW of onshore wind and 14MW of battery storage (10-year agreement) in Ireland for delivery year 2028/29.

Delivering world-class assets

Onshore, in addition to the delivery on time of Viking in Shetland, SSE Renewables is approaching completion and full commercial operations at Yellow River wind farm (101MW) in Ireland which is contracted under a 16.5-year RESS 3 contract with the Irish Government.

Following a final investment decision in December 2024, construction commenced in May 2025 on Strathy South wind farm (208MW) in the Scottish Highlands. The project – fully contracted through a 15-year Allocation Round 5 (AR5) CfD contract with the UK Government – is targeting commercial operations in late 2027. At Aberarder wind farm (50MW) in Scotland, also fully contracted under an AR5 CfD contract, turbine deliveries will commence in summer 2025 ahead of commercial operations by the end of 2026.

In England, SSE Renewables is finalising construction of its 150MW Ferrybridge battery energy storage system (BESS) project, with commercial operations expected in summer 2025. Battery installation is ongoing at Monk Fryston BESS (320MW) and Fiddlers Ferry (150MW) ahead of expected operations in early and late 2026, respectively.

At Seagreen, an agreement was signed in March 2025 to sell the Offshore Transmission Assets as required by the offshore transmission regime.

At Dogger Bank A (1,200MW, SSE share 40%), offshore turbine installation and commissioning continues. In April 2025, turbine installation passed the halfway mark, and the project remains on track to reach completion within the second half of 2025.

On Dogger Bank B (1,200MW, SSE share 40%), all 95 monopile foundations have been installed while interarray cable-laying work is expected to complete in summer 2025. On Dogger Bank C (1,200MW, SSE share 40%), installation of monopile foundations has commenced and the last of the foundations has been delivered to storage. A second jack-up vessel, the Seaway Ventus, will join the turbine installation campaign in the second quarter of 2026 to support delivery of Dogger Bank B and C.

In hydro, improvement works are continuing on assets to maximise run-off, storage and optimisation benefits. In February 2025, a £70m investment to repower the 45MW Lochay power station and ex-tend its operational life by at least another 40 years was announced. In March 2025, Inverawe power station (22.75MW) secured a 15-year refurbishment contract in the GB T-4 capacity auction.

In north-east France, Chaintrix (28MW) entered commercial operations in February 2025. Construction is ongoing at Jubera (64MW) in northern Spain, targeting commissioning at the end of 2025. In southern Italy, construction has commenced at the combined Castel Favorito and Masseria la Cattiva (together 17MW) with commercial operations expected in 2026.

Growth opportunities

In onshore development, SSE continues to progress Drumnahough wind farm (60MW, SSE share 50%) in Ireland and Cloiche wind farm (130.5MW) in Scotland, both fully contracted in 2024 under Ireland's RESS-4 and the UK's AR6 auction rounds, towards final investment decisions expected in the second half of 2025.

In offshore development, outline planning permission was granted in November 2024 for Berwick Bank wind farm's (4.1GW) remaining onshore transmission infrastructure and grid connection in Northumberland. SSE Renewables expects to receive a determination by Scottish Government ministers on its Section 36 consent application for the offshore aspects of the project by summer 2025.

The UK Government's CfD Allocation Round 7 (AR7) is expected to open towards the end of summer 2025. Depending on the final auction eligibility criteria, SSE could have onshore and offshore wind projects eligible to participate.

In March 2025, Ofgem and DESNZ jointly published a high-level design of the long-duration electricity storage cap and floor scheme. The first application window is open with the first projects to be awarded a cap and floor contract by Q2 2026. SSE intends to submit its Coire Glas pumped hydro storage project (c.1,300MW) into the first window subject to the level of risk and uncertainty associated with large-scale pumped storage hydro investment being appropriately recognised in the scheme.

▼ Yellow River is set to play its part in helping to meet Ireland's Climate Action Plan targets

Yellow River drives Ireland's green transition

SSE's new 101MW Yellow River Wind Farm in Rhode, County Offaly, is approaching completion and full commercial operations, driving progress towards Ireland's 2030 renewable energy targets.

The project's 29 turbines can power the equivalent of 67,000 homes annually, with all its capacity contracted under a 16.5-year RESS 3 contract with the Irish Government.

Yellow River Wind Farm supported up to 150 jobs during construction and the project will leave another positive legacy through its annual community benefit fund.

67,000

homes powered annually by Yellow River Wind Farm

SSE Thermal

SSE Thermal owns and operates conventional flexible thermal generation in GB and Ireland, whilst actively exploring opportunities for growth in lower-carbon generation technologies. 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.

▲ Assets like Great Island power station offer back-up to intermittent renewables

SSE Thermal key performance indicators

	March 2025	March 2024
Adjusted operating (loss)/profit – £m	**248.5**	752.5
Reported operating (loss)/profit – £m	**240.8**	660.8
Adjusted investment and capital expenditure – £m	**183.1**	109.2
GENERATION CAPACITY – MW		
Gas- and oil-fired generation capacity (GB) – MW	**5,538**	5,538
Gas- and oil-fired generation capacity (ROI) – MW	**672**	672
Energy from waste capacity & Biomass (GB) – MW	**43**	15
Total thermal generation capacity – MW	**6,252**	6,225
GENERATION OUTPUT – GWH		
Gas- and oil-fired output (GB) – GWh	**16,237**	13,597
Gas- and oil-fired output (ROI) – GWh	**1,405**	1,650
Energy from waste & Biomass output (GB) – GWh	**182**	78
Total thermal generation – GWh	**17,824**	15,325

1 Capacity is wholly owned and share of joint ventures, and reflects Transmission Entry Capacity.
2 Output is based on SSE 100% share of wholly owned sites and 100% share of Marchwood PPAs due to the contractual arrangement.
3 During the year ended 31 March 2025, SSE Thermal took responsibility for the Slough Heat and Power business from SSE Enterprise. Comparative performance has been restated.

Financial performance

Adjusted operating profit decreased by 67% to £248.5m, compared to £752.5m in the prior year. This decrease was in line with expectations set out at the start of the financial year and principally driven by lower spark spread prices and significantly lower market volatility due to continued normalisation of energy prices. The result also reflects a fall of £38m in Capacity Market payments compared to the previous year, reflecting the lower T-1 auction outturn, as well as a £38.8m one-off benefit from the sale of land at Ferrybridge.

Reported operating profit decreased to £240.8m, compared to £660.8m in the prior year. In addition to the movements above, the prior year result was impacted by a £(63.2)m non-recurring impairment charge on Triton Power and losses on re-measurements of operating derivatives in that business.

Operational delivery

Thermal plants continue to provide back-up reserve to the renewables-led system as well as flexible response as overall UK balances change. Increasingly this means that the value of the intrinsic baseload spark spread is less relevant to SSE Thermal revenues, and value is accrued through the Capacity Market, providing dispatchable capacity during periods of tight system margin, offering the National Energy System Operator (NESO) services though the Balancing Mechanism and other ancillary contracts, and through trading the option value of assets.

Managing availability responsibly, both within year and taking a view of future system needs, continues to be a priority for SSE Thermal. As such, the fleet delivered strong commercial availability overall although extended outages at Great Island limited its operation in the market at times. Likewise, planned and unplanned outages at Keadby 2 also reduced opportunities to secure value during the year.

The UK Government's recently announced Clean Power 2030 Plan indicates a need for around 35GW of unabated thermal plant to be on the system into the 2030s. With older existing assets (Keadby 1, Medway and Peterhead) now expected to play an important role on the system for longer than originally anticipated, and at least to 2035, SSE Thermal is now proactively planning investment across a number of years to build in additional longevity and resilience across the fleet.

Construction programme

Construction and commissioning of Slough Multifuel (55MW) was completed in August 2024. The 50/50 joint venture energy-from-waste plant was delivered ahead of schedule and on budget, with its 15-year Capacity Market agreement commencing in October 2024.

In Ireland, construction of a 150MW Temporary Emergency Generation unit at Tarbert has completed, with some final scopes being completed this year. Delivered at the request of Irish authorities, the unit is now available to the system and will only be utilised when market-sourced generation is insufficient to meet system needs.

On the same site, construction will begin this year on the 300MW Tarbert Next Generation power station ahead of a planned completion by the end of 2027. The construction cost is expected to total up to €300m, and the station benefits from a 10-year capacity agreement which has secured a total of €335m of revenues.

Growth opportunities

SSE Thermal is committed to bringing forward new flexible generation which can support short-term security of supply requirements while also delivering long-term decarbonisation. As a pragmatic partner to government, the business is developing options in both GB and Ireland which can deliver much-needed capacity ahead of anticipated increases in electricity demand, recognising that some new unabated flexible power may be needed to fill a gap if low-carbon options cannot be delivered in time.

In December 2024, SSE Thermal launched Mission H2 Power with Siemens Energy, which aims to deliver gas turbine technology capable of running on 100% hydrogen. This will directly support the decarbonisation of Keadby 2 as well as the wider development of a low-carbon power portfolio, with the UK Government confirming its intention to develop a Dispatchable Power Agreement to support deployment of hydrogen-to-power.

SSE Thermal continues to progress plans for new ‘decarb-ready’ power stations which would initially run on natural gas before converting to hydrogen. Public consultations have been completed for the 900MW Keadby Next Generation power station in North Lincolnshire, with planning expected to be submitted later this year.

The UK Government Comprehensive Spending Review, expected summer 2025, should provide an update on further deployment of carbon capture technology and implications for SSE Thermal’s proposed up to 900MW Peterhead and Keadby Carbon Capture power stations.

In April 2025, Aldbrough Hydrogen Pathfinder was shortlisted in the UK Government’s Hydrogen Allocation Round 2 process and received planning permission. Subject to reaching a final investment decision, the project could be operational by 2029.

In Ireland, planning permission has been granted for Platin power station in County Meath with a final investment decision targeted later this year, and for a synchronous compensator at Great Island, which could bring an additional source of revenue if a contract for Low Carbon Inertia Services is secured.

▼ Slough Multifuel is the latest addition SSE Thermal’s portfolio of flexible plant

Slough Multifuel powers energy from waste

SSE Thermal and partners Copenhagen Infrastructure Partners (CIP) opened a new energy-from-waste facility in Slough – ahead of schedule. The 55MW facility is expected to process around 480,000 tonnes of waste that would otherwise go to landfill.

Slough Multifuel began a 15-year capacity agreement for 42MW of de-rated capacity at a price of £18/kW on 1 October 2024. The site is run by Hitachi Zosen Inova (HZI).

Steam produced by Slough Multifuel is being reused by neighbouring businesses, helping to decarbonise its operations and contribute to the estate’s circular economy.

480,000
tonnes of waste saved from landfill

Gas Storage

SSE holds around 40% of the UK's conventional underground gas storage capacity at two sites on the east Yorkshire coast. The Atwick facility, near Hornsea, is wholly owned by SSE, while the Aldbrough facility is operated as a joint venture with Equinor. These two sites support the security of gas supply for the UK whilst providing important liquidity to the UK and interconnected gas markets.

SSE Gas Storage key performance indicators

	March 2025	March 2024
Adjusted operating (loss)/profit – £m	**(37.1)**	82.8
Reported operating (loss) – £m	**(45.5)**	(42.2)
Adjusted investment and capital expenditure – £m	**0.7**	0.8
Gas storage level at year end – mTh	**79**	40
Gas storage level at year end – %	**47**	21

Financial performance

Adjusted operating profit decreased to a £(37.1)m loss, compared to a profit of £82.8m in the prior year. A typical year sees gas injected in the summer months when prices are low and then withdrawn and sold in winter months when prices are higher. The past year has seen unusual market conditions for these assets with the impact of mandatory gas storage filling targets in the European Union, and proposed gas storage support in Germany driving summer prices higher than those in the winter, distorting the natural functioning of the market and limiting the assets' ability to trade and secure value. However, the markets are now providing pockets of valuable spread and summer re-injection has commenced.

Reported operating loss increased to a £(45.5m), compared to a loss of £(42.2)m in the prior year. In addition to the movements above, this mainly reflects a £(134.1)m impairment charge in the prior year which was not repeated this year.

Operational delivery

SSE's Gas Storage business continues to be an important risk management tool for the Group's generation portfolio. It offers flexibility as a result of the assets' technical ability to cycle quickly and mitigate exposures from wind speeds and demand variability, which drives short-term gas demand from thermal generation.

Third party contracts were secured with three customers for injection and withdrawal, locking in value for the assets while maintaining the ability to trade the remaining capacity. However, the gas markets demonstrated limited volatility over the course of the financial year, with minimal spreads between Summer 2024 and Winter 2024 prices reducing the ability to secure value.

Injection availability at Atwick was limited from August, due to planned maintenance on Cavern Three and the compressors. At Aldbrough, all caverns provided strong injection and withdrawal availability across the full year. Political intervention in the wider European gas storage market was one of the major factors which limited and even inverted the normal summer/winter spreads.

Work is under way to prepare Cavern Eight at Atwick for potential rewatering in the next financial year. If a decision to rewater is taken, it would create an opportunity to secure value from the maintained cushion gas, whilst leaving open the future possibility to return to service as natural gas or hydrogen storage, should market conditions support this.

Growth opportunities

Ahead of the National Energy System Operator taking on this responsibility in 2026, the UK Government is progressing work on strategic planning of hydrogen storage and transport infrastructure. In November 2024, the Government began early engagement, as a first step in a formal procurement process for hydrogen storage. This was followed by confirmation in December 2024 that the Government aims to publish details for the first allocation during 2025, with an ambition for up to two storage projects to be in operation or construction by 2030. To support this ambition, a planning application for Aldbrough Hydrogen Storage is being targeted for late 2025.

SSEN Transmission

SSEN Transmission operates one of the fastest growing regulated electricity networks in Europe. 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.

▲ Assets like the Beauly-Denny line transport vital clean energy to where it's needed

SSEN Transmission key performance indicators

	March 2025	March 2024
Adjusted operating profit[1] – £m	**322.5**	419.3
Reported operating profit – £m	**430.0**	559.1
Adjusted investment and capital expenditure[1] – £m	**953.5**	595.6
Gross Regulated Asset Value (RAV) – £m[2]	**7,171**	5,676
SSE Share Regulated Asset Value (RAV)[1,2] – £m	**5,378**	4,257
Renewable Capacity connected within SSEN Transmission area – GW[3]	**10.9**	9.3

1 Excludes 25% minority interest.
2 Estimated and subject to outturn of annual regulatory process.
3 Transmission and distribution connected capacity within the SSEN Transmission Network area, includes pumped storage and battery storage.

Financial performance

Adjusted operating profit, which is presented net of the business's 25% non-controlling interest, decreased by 23% to £322.5m from £419.3m in the prior year. Despite growing expenditure and associated underlying allowances, a true-up for benefit received in the 2023/24 financial year in relation to "full expensing" accelerated capital allowances means that net allowed revenues were lower than the prior year. In addition, operating costs and depreciation continue to increase as the business grows rapidly to deliver the investment programme agreed with the regulator.

Reported operating profit decreased to £430.0m compared to £559.1m, as a result of all of the movements above but reflecting that non-controlling interests are fully consolidated for all profit metrics under IFRS.

All references to performance indicators relate to 100% of the business unless otherwise stated.

Operational delivery – RIIO-T2

SSEN Transmission continues to deliver a sector-leading operational performance through the safe and reliable transmission of electricity, recognising the increasingly important contribution its network makes to national security of supply.

Despite the significant impact of several named storms, SSEN Transmission achieved 95% of the annual RIIO-T2 reward through the 'Energy Not Supplied Incentive' of £0.7m in 2018/19 prices.

Capital investment programme

SSEN Transmission's capital investment programme continues to make good progress, increasing the network capacity that will support clean power, net zero and energy security targets.

As of 31 March 2025, the network's total installed capacity was 12.2GW, of which 10.9GW was renewable and other low-carbon sources – including 0.8GW of pumped storage and battery storage.

Following the successful energisation of the Shetland HVDC link in August 2024, on budget and ahead of schedule, good progress continues to be made connecting Shetland's electricity distribution network to the HVDC link. Energisation will follow the completion of SSEN Distribution's 'Shetland Standby Project' in 2026, connecting Shetland's homes and businesses to the GB electricity network for the first time.

The East Coast 400kV upgrade continues, with good progress being made on replacing the existing overhead line conductors between Kintore and Kincardine and associated substation upgrades. This includes the new Kintore 400kV substation, which upon completion is expected to be the world's first SF_6-free 400kV substation.

Delivering a pathway to 2030

The Pathway to 2030 programme includes 11 major projects, six onshore and five offshore. Regulatory approvals for all these investments have been secured through Ofgem's Large Onshore Transmission Investment (LOTI) Uncertainty Mechanism and Accelerated Strategic Transmission Investment (ASTI) framework.

Following the granting by Scottish Ministers of the final major overhead line consent in September 2024, the Argyll and Kintyre 275kV Reinforcement Project is progressing with groundworks well advanced at all five substation sites. Overhead line enabling works continue to make good progress, with overhead line construction set to commence in summer 2025. The project is due for energisation in 2029.

In September, construction began on the Orkney transmission link, with good progress made with groundworks and preparatory works for the onshore cable.

Business Unit operating review continued

At Dounreay West substation in Caithness works were temporarily suspended in November 2024 following the identification of suspected radium during planned radiation monitoring activities. In April 2025, agreement was reached with SEPA to secure the necessary permit to allow works to recommence safely, with energisation still on track for 2028.

For the Skye Reinforcement project, all substation consents are in place, however a decision is still awaited from Scottish Ministers for overhead line consent, which continues to take significantly longer than anticipated following its submission back in September 2022. Substation enabling works have already commenced, with main construction works expected to start in 2026 and energisation by the end of 2029.

The Eastern Green Link (EGL) 2 project, the first of a series of 2GW subsea superhighways between Peterhead and England, is now in construction with groundworks progressing well at convertor station sites at Peterhead and Drax. This joint arrangement project with National Grid Electricity Transmission (NGET) remains on track for energisation in 2029.

All remaining ASTI substation and convertor station planning applications required for 2030 delivery have now been submitted to the relevant Local Planning Authority, with most decisions expected throughout 2025.

Coachford substation, which was part of the Beauly-Peterhead 400kV scheme, is no longer being taken forward following engineering and construction challenges identified through extensive site surveys and ground investigation works at the proposed site. A new substation site in the wider area will still be required for delivery in the early 2030s, which will now be rescoped and redeveloped.

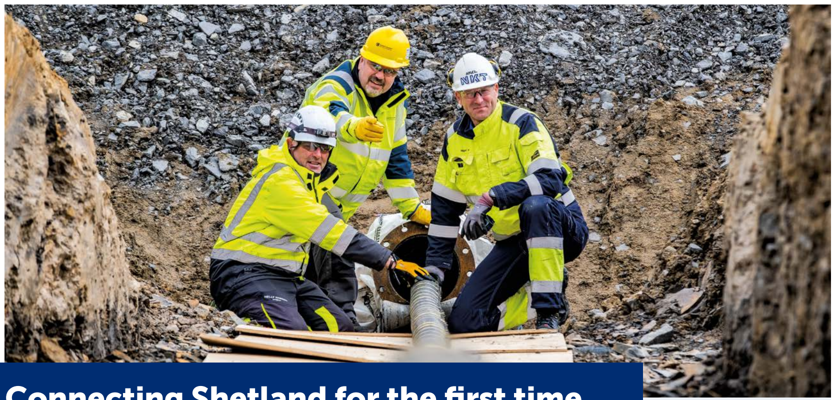
In April 2025, the Fort Augustus substation was approved by the Highland Council's South Planning Committee. This is the first major ASTI planning application to be determined and a major milestone for the Pathway to 2030 investment programme.

All remaining Section 37 consents are due to be submitted in summer 2025 and are expected to be determined through the Scottish Government's new Priority Applications for Transmission Infrastructure guidance which sets out a 52-week determination ambition, including instances where a Local Public Inquiry is triggered.

Work to progress EGL3 continues, with the outcome of the supply chain tender expected in summer 2025. Energisation is now expected in the early 2030s due to delays in progressing required changes of scope to NGET's onshore infrastructure in Lincolnshire.

With the supply chain for the remainder of the ASTI projects already in place and all associated consents submitted, all other ASTI projects remain on track for 2030 delivery, subject to timely and positive consent decisions.

▼ A new 260km subsea transmission link is unlocking Shetland's clean energy potential



Connecting Shetland for the first time

Last year, the Shetland Islands were connected to the GB electricity grid for the first time by a new 260km subsea transmission link to the Scottish mainland. The Shetland High Voltage Direct Current (HVDC) Link has the capacity to transport enough clean energy to power 500,000 homes, through the first multi-terminal HVDC switching station of its kind anywhere in Europe.

The link brings clean power from SSE Renewables' 443MW Viking wind farm on Shetland to the GB transmission grid too, with the two projects representing over £1bn of combined investment, supporting around 650 jobs during peak construction and contributing £125m to the Shetland economy. Delivered on time and on budget, this landmark project will play a key role in the UK's clean energy transition.

260km

length of subsea cable connecting Shetland to the Scottish mainland

RIIO-T3 price control

In December 2024, SSEN Transmission submitted to Ofgem its Business Plan for the RIIO-T3 regulatory price control, covering the period from April 2026 to March 2031.

The plan sets out total expenditure of at least £22.3bn, in 2023/24 prices. This includes around £16bn of ASTI and LOTI investments already approved by Ofgem. The plan also sets out the potential for an additional £9.4bn of future Uncertainty Mechanism expenditure, which includes the regional and system operability investment required to deliver Clean Power 2030.

The successful delivery of this plan requires a financial framework that recognises the unprecedented levels of investment needed. Draft Determinations are expected on 25 June 2025 ahead of Final Determinations in December 2025.

Growth opportunities

In December 2024 Ofgem reaffirmed the need for several additional strategic investments in the north of Scotland that were set out in the National Energy System Operator's (NESO's) 'Beyond 2030' report, providing initial funding to take these projects the consenting stage through the regulator's 'Delivery Track' funding route and access to Ofgem's new Advanced Procurement Mechanism.

These projects include a second HVDC link to Shetland and combined represent an investment of over £5bn for delivery between 2030 and 2035. Ofgem has also exempted these projects from competition.

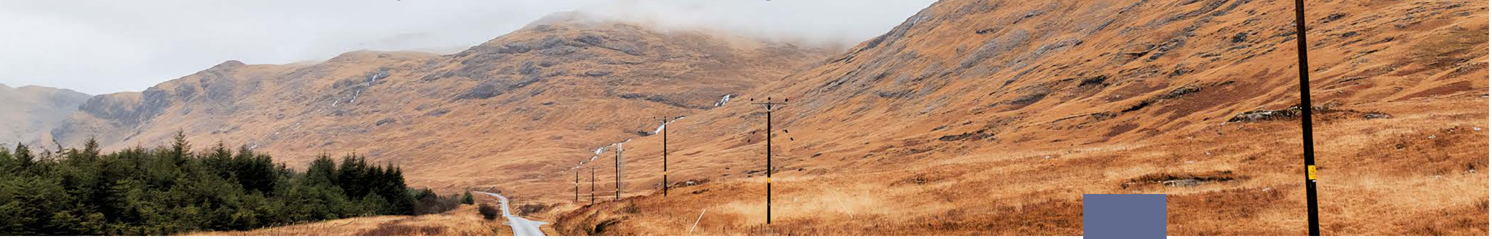
Further investments will also be required to deliver the local and regional investments that are critical to support the UK Government's Clean Power 2030 target. This includes potential customer connections and system operability investments, all of which were submitted to Ofgem in February 2025 as an addendum to the RIIO-T3 Business Plan.

A further high capacity HVDC subsea link from the north-east of Scotland to England, EGL5, which follows a change in scope by the NESO from its previously proposed coordinated offshore grid, presents additional future growth opportunities.

These additional growth opportunities were included within the potential £9.4bn RIIO-T3 Uncertainty Mechanism expenditure noted above.

SSEN Distribution

SSEN Distribution, operating under licence as Southern Electric Power Distribution plc (SEPD) and Scottish Hydro Electric Power Distribution plc (SHEPD), serves more than 3.9m homes and businesses across central southern England and the north of Scotland. The business serves some of the most diverse and unique geographies across the UK, spanning more than 75,000km^2, and keeps customers and communities connected while developing the flexible electricity network vital to achieving net zero.



▲ SSEN Distribution's two networks span more than 75,000km^2

SSEN Distribution key performance indicators

	March 2025	March 2024
Adjusted and reported operating profit – £m	**736.0**	272.1
Adjusted investment and capital expenditure – £m	**635.8**	505.1
Regulated Asset Value (RAV) – £m	**5,737**	5,301
Electricity Distributed – TWh	**38**	37
Customer minutes lost (SHEPD) average per customer	**69**	66
Customer minutes lost (SEPD) average per customer	**51**	58
Customer interruptions (SHEPD) per 100 customers	**59**	57
Customer interruptions (SEPD) per 100 customers	**42**	51

RAV, Customer minutes lost and Customer interruptions figures estimated and subject to outturn of annual regulatory process

Financial performance

Adjusted and reported operating profit increased by 170% to £736.0m compared to £272.1m in the prior year. The large increase in price control allowed revenues in the year reflects that 2024/25 was the earliest financial year when unexpectedly-high cost inflation in 2022/23 and 2023/24 could be recovered, as tariffs are set 15 months before the start of financial year. This one-off cost inflation catch-up is partially offset by increasing operating costs associated with business transformation and improving network resilience, as well as higher depreciation on a growing asset base.

Operational delivery – RIIO-ED2

SSEN Distribution has completed the second year of the five-year RIIO-ED2 price control which runs until March 2028 and includes £3.6bn of baseline expenditure (2020/21 prices). It also provides the opportunity to trigger additional funding under Uncertainty Mechanisms (UMs) which could add at least £0.7bn to expenditure in the period.

During the financial year, an additional £106m has been secured through UMs related to investment in subsea and on island infrastructure, storm resilience and cyber security. An additional £236m of UMs are currently being assessed by Ofgem, with further submissions planned in the remaining years of the price control.

Customer performance

In RIIO-ED2, the ability to secure higher incentive performance has been tightened compared to previous price control periods. Within the Interruptions Incentive Scheme (IIS), SSEN is offered an incentive on its performance against the loss of electricity supply through the recording of the number of Customer Interruptions (CI) and Customer Minutes Lost (CML). These include planned, as well as unplanned, interruptions.

Following a challenging start in the first year of the price control, IIS performance across both measures improved in the SEPD region in 2024/25, with a decrease in CI of 18% and CML by 12% due to targeted improvement work. However, an unsettled winter in the SHEPD region adversely impacted CI and CML performance, with small increases of 4% and 5% respectively. An overall penalty of £9m was incurred across SEPD and SHEPD under the scheme, reduced from £14m in 2023/24.

Cumulative investment of over £40m in automation across both licence areas continues to have a positive impact on SSEN Distribution's ability to reconfigure the system quickly and remotely, following unplanned faults. This, alongside projects to reinforce the network, aims to improve IIS performance in future years.

SSEN Distribution's performance in exceptional storm events remains a strength. In January 2025, Storm Éowyn, which the Met Office called the 'strongest storm in a decade', caused 580 faults on SHEPD's network. Power was restored to 95% of the 92,000 customers affected within 48 hours and customer service during the storm was maintained at close to BAU levels.

Customer Satisfaction performance remains a clear focus for the business. The Broad Measure incentive score remained broadly level in 2024/25 across SEPD and SHEPD but new technology and process improvements, including self-serve functionality and improved channel options, are expected to benefit future performance.

SSEN's Distribution System Operations (DSO) activities are estimated to have received an around £4m reward in 2024/25 through the DSO Annual Incentive process.

Business Unit operating review continued

Achieving upper-tier performance against other DNOs, SSEN's "exceptionally well-put together" submission was praised by Ofgem's independent panel.

Capital investment

The second year of RIIO-ED2 has seen an acceleration of the major capital investment programme across both networks. This is delivering performance improvements, an improved service for customers, and future earnings through RAV growth.

In the SEPD region £1bn of investment is to be delivered under efficient Capital Delivery Agreements with three contract partners. A £200m, multi-year programme of investment to transform Oxfordshire's local electricity system is getting under way and work began on a £12m project to improve Bournemouth's local network, following two £8m network reinforcement projects in Portsmouth and Southampton which will be completed later this year.

In SHEPD, similar holistic contracts worth £450m have been signed with five contract partners to deliver network improvements across the north of Scotland licence area by the turn of the decade. During 2024/25, the laying of a new 2km subsea cable linking Islay with Jura was completed, ensuring a safe, reliable supply for these communities.

Proposals for the 'Shetland Standby Project' were approved in December 2024, with £93m of funding awarded over 10 years. A battery storage system will be built to provide interim supply in the event of a network fault while Lerwick power station is brought out of standby mode. Work will accelerate later this year, with energisation due in 2026.

Growth opportunities

The National Infrastructure Commission's recent call for greater proactive investment in Electricity Distribution networks aligns with SSEN Distribution's progressive approach to strategic development planning. The NIC estimates between £37-50bn of investment in the GB distribution network is needed by 2050 which represents a doubling of current annual allowances for load-related expenditure, on top of 'business as usual' investment. This aligns with SSEN Distribution's work to develop Strategic Development Plans at each Grid Supply Point (GSP).

SSEN's award-winning Local Energy Net Zero Accelerator (LENZA) tool has now been adopted by all local authorities based wholly within its network areas. 455 local planners – a three-fold increase in a year – are now using LENZA to devise the most-efficient locations for decarbonised developments in their communities.

▼ Engineers at work restoring supply to customers during the storms of January 2025

Exceptional storm draws exceptional response

Storm Éowyn was described by the Met Office as "the strongest storm in a decade", with winds of up to 100mph causing 92,000 of SSEN Distribution's customers to lose supply in Scotland. In response the business mobilised a 1,100-strong team to fix faults and support communities.

Efforts to restore supply were hampered by fallen trees blocking access and the sheer volume of damage to overhead lines caused by the destructive winds. During Storm Éowyn SSEN's customer service team spoke with over 2,000 vulnerable customers on the phone and provided over 7,000 hot meals to people waiting to be reconnected.

SSEN Distribution continues to prepare for increasingly severe and frequent extreme weather events through investment in infrastructure resilience. It also has over one million of its 3.9 million customers registered on its Priority Services Register.

1,100

strong team mobilised by SSEN Distribution to help customers through Storm Éowyn

This move to a strategically-planned and long-term investment approach is also informing SSEN Distribution's submission to the RIIO-ED2 load-related Uncertainty Mechanism later this year and emerging thinking ahead of the ED3 price control which begins in 2028. Further detail is included in SSEN's Empowering Communities, Enabling Growth publication, issued in early May 2025. In late April, Ofgem published its Framework Decision for ED3 which signalled a clear shift to a more planned and proactive approach to investment. It is expected to build on this approach in its Sector Specific Methodology Consultation, launching in the summer of this year.

SSE Energy Markets

SSE Energy Markets commercially optimises all of SSE's market-based Business Unit assets in the wholesale energy markets, securing value on behalf of these businesses by trading in wholesale energy markets and managing volatility through active risk management.

▲ SSE Energy Markets trades the principal commodities to which SSE's asset portfolios are exposed

SSE Energy Markets key performance indicators

	March 2025	March 2024
Adjusted operating profit – £m	**30.0**	37.5
Reported operating profit/(loss) – £m	**(42.9)**	588.6

1 During the year ended 31 March 2025, SSE Energy Markets has taken responsibility for energy optimisation services from SSE Enterprise. Comparative performance has been restated.

SSE Energy Markets' operations involve trading the principal commodities to which SSE's asset portfolios are exposed, as well as the spreads between two or more commodity prices (e.g. spark spreads): power (baseload and other products); gas; and carbon (emissions allowances). Each commodity has different risk and liquidity characteristics, which impacts the quantum of hedging possible.

This is supplemented by optimisation activities and position taking – both subject to strict position limits and value at risk controls – and contracting for third party Power Purchase Agreement (PPA) and route-to-market contracts.

Financial performance

Adjusted operating profit has decreased 20% to £30.0m from a £37.5m profit in the prior year. Energy Markets continues to drive significant value for the energy-exposed businesses through its trading services and the business itself generates a relatively low level of baseline operating earnings from these services. The decrease in year-on-year profitability is mainly due to reduced margin on optimisation activities given the continued normalisation of volatility and price of power and gas trades in the market.

Reported operating profitability decreased to a loss of £(42.9)m from a profit of £588.6m in the prior year. In addition to the movements above, the reported operating result includes net re-measurement losses on forward commodity derivatives relative to a large gain in the prior year. These IFRS 9 re-measurements exclude any re-measurement of 'own use' contracts and are unrelated to underlying operating performance.

Operational delivery

SSE Energy Markets has continued to play a pivotal role in navigating energy market volatility, managing risk and ensuring the Group's market-based Business Units can capture and maximise value. This covers all trading periods, with decisions being made from one centre of excellence. The value Energy Markets secures for SSE's asset portfolio continues to be reported against individual Business Units.

The business has an increasing focus on building a portfolio of third party assets, bringing added independent value to the Group. In the financial year, SSE Energy Markets signed a 10-year agreement to optimise two major battery energy storage systems being developed by Copenhagen Infrastructure Partners (CIP) in Scotland with a combined capacity of 1GW.

It also signed a number of route-to-market PPA contracts ranging from two to 15-year terms. In total, SSE Energy Markets now holds route-to-market contracts with 2.75GW of assets which are backed by a Contract for Difference, of which around 2.3GW are classed as third party.

SSE Energy Markets has also increased the volumes it is trading in European power and gas markets, subject to strict position limits and Value at Risk (VAR) controls, which will be critical as the Group seeks opportunities in carefully selected international markets. It has also continued to adapt to the shifting energy landscape by further strengthening its data and advanced analytics capabilities.

Energy Customer Solutions

Energy Customer Solutions (ECS) is SSE's shop window to the non-domestic market in GB and the whole energy supply market on the island of Ireland, with dedicated energy experts as key account managers pulling together the best of SSE into powerful combined propositions.

▲ New partnerships have been formed to develop EV related product offerings

SSE Airtricity key performance indicators

	March 2025	March 2024
Adjusted operating profit – £m	**159.4**	95.0
Reported operating profit – £m	**157.0**	94.5
Adjusted investment and capital expenditure – £m	**6.9**	14.8
Aged Debt (60 days past due) – £m	**19.2**	18.2
Bad debt expense – £m	**2.8**	13.7
Airtricity Electricity Sold – GWh	**6,704**	6,400
Airtricity Gas Sold – mtherms	**237**	199
All Ireland energy market customers – m	**0.77**	0.75

During the year, ECS has continued to focus on serving customers; extending our service range and expanding our product portfolio. Tight commercial and risk controls have enabled the business to navigate volatility while providing a range of tariffs and low carbon solutions to all customer segments.

In January the former SSE Enterprise division merged with ECS to achieve a greater range of integrated energy solutions, including distributed energy offerings for cities and large energy customers. During the year the breadth of ECS's Corporate Power Purchase Agreement products was extended, securing major customers in the retail and banking sectors.

SSE Airtricity

Financial performance

Adjusted profitability increased 68% to £159.4m, from £95.0m in the prior year. The prior year saw lower margins as the business supported customers through the cost-of-living crisis and by largely absorbing the impact of higher commodity costs and indirect costs including bad debt expenses. The normalisation of energy prices in the last financial year meant the business was able to deliver tariff reductions within year whilst also returning supply margins to more sustainable levels. In addition, income from legacy wind farms contracted to SSE Airtricity remained robust, increasing by around £10m compared to prior year.

Reported operating profit also increased to £157.0m compared to £94.5m in the prior year, mainly reflecting a £(2.0)m restructuring charge relating to the Group operating model and efficiency review in addition to the movements above.

Operational delivery

SSE Airtricity has achieved an increase in customer accounts to 770,000 thanks to a market-leading fixed-price offer and strong customer service. We aim to support customers to understand and reduce their energy bills and the business is pleased that around 20% of customer acquisitions are on a smart product.

Airtricity has a long history of financial support for customers and in October 2024 it decided against passing through significant increases in transmission and distribution charges during winter, a decision which suppressed margins in the second half of the year. Following other market movements, it announced in February 2025 that it would increase tariffs by an average of 9.5% with effect from 2 April to collect these regulated charges from customers.

Beyond energy supply, Airtricity actively develops propositions that will help lower bills and move customers towards a low carbon pathway. During the financial year, a partnership with Activ8 Energies installed solar on over 2,000 rooftops, lowering bills by up to 50%. Energy Services products were delivered to around 5,000 customers throughout the year, ranging from Smart home surveys and heating upgrades to full-scale domestic retrofits.

Airtricity also supported customers to access up to £20m in grant funding. New partnerships have also been formed with Ohme and Nevo to help deliver integrated product offerings including Electric Vehicles (EVs), home charging and a smart EV tariff.

SSE Business Energy key performance indicators

	March 2025	March 2024[1]
Adjusted operating profit – £m	**32.7**	55.2
Reported operating profit – £m	**32.2**	55.2
Adjusted investment and capital expenditure – £m	**73.1**	84.6
Electricity Sold – GWh	**9,840**	10,693
Gas Sold – mtherms	**120**	168
Aged Debt (60 days past due) – £m	**279**	336
Bad debt expense – £m	**40**	113
Energy customers' accounts – m	**0.31**	0.38

1 During the year ended 31 March 2025, SSE Business Energy has taken responsibility for private electric networks and businesses aligned with the provision of low carbon energy solutions to customers from SSE Enterprise. Comparative performance has been restated.

SSE Business Energy

Financial performance

Adjusted profitability decreased by 41% to £32.7m compared to £55.2m in the prior year. The focus for the business during the past year was the stabilisation of a new customer management and billing system known as Evolve.

During the stabilisation period, servicing of existing customers was prioritised whilst acquisition and onboarding activity was limited, contributing to an overall reduction in customer numbers and volumes sold. This was partially offset by a lower bad debt expense as improved customer data from the Evolve system, lower customer tariffs and a more stable market price environment reduced the overall level of provisioning required.

Reported operating profit also decreased to £32.2m compared to £55.2m in the prior year, reflecting the movements above in addition to a £(0.5)m share of interest and tax from Joint Ventures.

Operational delivery

Over the last 12 months, Business Energy (BE) has delivered solid performance with a focus on billing platform stabilisation and the extension of low-carbon and distributed energy solutions. Evolve has been implemented, modernising the IT estate and providing the basis for improved customer experience, product delivery and commercial controls.

The business understands the needs of commercial customers of all sizes and has selected a small number of partners to bring a range of propositions to market. A partnership with Ortus Energy, offering rooftop solar installations to commercial customers, includes the acquisition of 13MW of existing rooftop solar assets and the option to finance up to 130MW of future projects over the next three years.

In July 2024 a Joint Venture was agreed with TotalEnergies – Source – to deploy and operate up to 3,000 high power charge points, grouped in 300 EV hubs. The joint venture has made a strong start with 222 charge points at 24 EV charging hubs completed.

Growth opportunities

As the shop window for SSE, backed by the Group's generation assets, ECS will continue to deliver access to increasing volumes of green energy from SSE's wind farms for all customer segments. With the proven ability to innovate and create partnerships, ECS will continue to provide a growing suite of energy products and distributed energy solutions to support customers on the journey to net zero, including Corporate Power Purchase Agreements.

The business aims to remove complexity for customers as they reduce their carbon emissions. In Ireland, ECS currently provides around 85% of the energy by volume used by data centres and will continue to target the tech and pharma sectors where the strongest growth is expected.

In GB, the UK Government's focus on growth and devolution to regions is an opportunity to leverage strong relationships the business has with combined authorities and other public bodies.

▼ SSE's Klair Neenan announces the fund with Northern Ireland First Minister Michelle O'Neill

SSE Airtricity's discretionary €5m community fund for green growth

The SSE Airtricity Generation Green Community Fund was established to support communities across the island of Ireland in the journey towards a greener future. Community engagement was crucial throughout the establishment of this fund, with the design of 10 focus areas, including community climate projects and climate education, informed by over 600 public consultation responses. The fund is particularly aimed at fostering local leadership and promoting social equity, ensuring that all communities can contribute to Ireland's sustainable future.

Fifty-six fully funded sustainability projects across the island of Ireland, have been approved for funding include a STEM education programme developed by students for secondary schools in Ireland.

€5m

SSE Airtricity Generation Green Community Fund launched by SSE

Sustainability

Chief Sustainability Officer's review

Transparency through the transition

A holistic view of sustainability, combined with a pragmatic approach to goal-setting that takes account of the changing world around us, has led to a timely update of SSE's Net Zero Transition Plan.

For SSE, we have long understood that it is impossible to be sustainable unless we are tackling climate change. However, we also see that it is possible to tackle climate change in a way that is unsustainable for people and nature. That is why a holistic approach to sustainability is so important: incorporating all three pillars (economic, social, and environmental) set out in the late 1980s by the United Nations Brundtland Commission.

In 2024/25, SSE made a larger contribution to social sustainability than the year before. We made our largest-ever annual contribution through community benefit funds with £16.3m made in community grant awards. The gender pay gap narrowed for the fifth year in a row, and the proportion of women in senior roles increased, despite stalled progress at the highest executive levels.

We marked our 10th year of consecutive Fair Tax Mark accreditation, and we continued to support living wage movements in the UK and beyond. And while recruitment has since slowed in parts of the Group, we attracted more people into SSE across 2024/25 and continued to attract workers from former high-carbon industries. Over a third of respondents to our new joiners survey had transitioned to a low-carbon role with SSE – thereby demonstrating a sense of a 'just' transition.

Environmentally, there were fewer damaging incidents, and the delivery of 'biodiversity net gain' across our portfolio of onshore projects is picking up pace.

However, the year was mixed in relation to climate action. At a time when ambition from the UK Government has never been so clear, planning and policy delays mean progress is not accelerating to the extent to which climate science demands, and this is having an impact on SSE's business objectives.

> "SSE remains as committed as ever to playing its part in decarbonising the power system in a way that's good for people and nature too."

SSE's response is a downwards revision of capital and renewables capacity expectations within the five-year investment plan to FY27. We expect that this updated five-year plan will have a knock-on impact on our medium-term sustainability targets, including the likelihood that our 2030 Goal on renewable generation is unlikely to be met in time. This is on top of anticipated year-to-year fluctuations in greenhouse gas emissions, and it will, inevitably, result in diminished socio-economic gains too.

The update of SSE's Net Zero Transition Plan is therefore timely. It is striking how little the fundamentals of the plan have changed since it was first published in 2022. A renewables-led power system, backed up by decarbonised flexible generation and connected by low-carbon grids, is both the most effective way to tackle climate change and the most affordable. This year, in the interests of complete transparency, we have included two scenarios within that Plan to demonstrate the variables that affect it.

While this level of transparency is important to build trust with stakeholders, the purpose of these disclosures is to support the policy and wider environment in establishing the conditions under which it is possible to get back on track. SSE remains as committed as ever to playing its part in decarbonising the power system in a way that's good for people and nature too.

Rachel McEwen
Chief Sustainability Officer, SSE plc

20 May 2025

How we approach sustainability

SSE aims to share the benefits of climate action as widely as possible, while leaving no one behind. This ambition is enshrined in our purpose, guides our business strategy, informs our 2030 Goals and is underpinned by a robust governance structure. We also work collaboratively to help deliver a just transition.

Focusing on the sustainability topics that matter most

SSE's approach to sustainability is informed by its stakeholders and four core 2030 Goals (see page 45). These 2030 Goals are aligned to the UN's Sustainable Development Goals (SDGs) that are most material to SSE's business. SSE's commitment to minimising its impact on the natural world is guided by a further three environmental-related SDGs (see page 58).

SSE prioritises the topics that matter most to the business and its stakeholders through a double materiality assessment. This determines the actual or potential impacts of SSE's operations on society and the environment, as well as how sustainability issues might affect the Company's financial performance. In 2024/25, SSE carried out a 'pulse check', which confirmed that the Company remains focused on the most material topics. Find more detail in SSE's Sustainability Report 2025.

SSE's main stakeholder groups are described on pages 8 and 9.

Building lasting partnerships to achieve more

One of the best ways that SSE can address sustainability topics is by working in partnership with others. Some partnerships have lasted over a decade and focus on sharing value with society, such as SSE's work with the Living Wage Foundation and Fair Tax Foundation. Others focus on driving positive change more quickly. For example, SSE is involved in several industry collaborations that focus on key decarbonisation challenges facing the energy sector. This includes SSE Renewables being a founding partner of Sustainability Joint Industry Partnership (SusJIP). SusJIP brings together global offshore wind developers and aims to develop the first standardised approach for calculating lifecycle emissions of offshore wind farms.

How we govern sustainability

Responsibility for ensuring that sustainability is embedded in everything SSE does starts at the top of the Company. SSE's Board, Chair, Chief Executive, Group Executive Committee and sub-committees are all accountable for the most material sustainability impacts. To drive accountability, SSE links a portion of executive pay to Group performance against independent ESG ratings, as well as to longer-term progress towards the 2030 Goals.

SSE's most material sustainability topics

1	Carbon emissions
2	Sustainable energy generation
3	Affordable and reliable energy
4	Supply chain management
5	Skilled workforce

Opportunities for enhanced impact

1	Just transition
2	Circularity
3	Nature and biodiversity

The Board is advised on matters relating to safety, sustainability, health and the environment by the Safety, Sustainability, Health and Environment Advisory Committee. SSE also has issue-specific steering groups and sub-committees and some of SSE's Business Units have their own sustainability committees, which report to their Business Unit Executive Committees. In 2024/25, SSE's Audit Committee approved a new Sustainability-related Financial Disclosures Committee, reporting to the Group Risk Committee.

See more in the Governance Report, pages 84 to 160.

Our sustainability reporting

SSE provides comprehensive sustainability disclosures within this Annual Report, as well as in a number of other publications which make up its reporting suite.

In this report, the Sustainability section explains SSE's impact on society and the environment, and performance against goals and targets. Detailed disclosures that support this narrative can be found in the Disclosures Statements section.

Sustainability section

This section (pages 42 to 59) is structured around five key areas, aligned to the UN SDGs most material to SSE and where the Company can make the biggest impact.

Disclosure statements

The Disclosure Statements section on pages 70 to 83 includes the following sustainability information:

- Climate-related financial disclosures
- Carbon performance disclosures
- EU Taxonomy assessment
- Non-financial and sustainability information statement

Additional sustainability disclosures

SSE provides enhanced disclosure of its policies, practice and performance against its key economic, social and environmental impacts and goals in it Sustainability Report 2025. It also publishes a number of topic specific reports. These publications can be found at sse.com/sustainability.

Monitoring developments in disclosure requirements

In the coming years, SSE will be affected by new sustainability disclosure requirements, including from the UK Sustainability Disclosure Requirements and the EU Corporate Sustainability Reporting Directive. See the Audit Committee Report on pages 113 to 119 for more on how the Company is monitoring changes in the sustainability disclosure landscape to ensure it complies with the latest requirements.

Taking stock on the pathway to 2030

2030 Goals provide a framework to ensure SSE plays a meaningful role in addressing the challenge of climate change in ways that are fair to working people, consumers and communities.

Since first establishing the Goals in 2019, SSE has made considerable progress. There is good progress towards its ambition to connect renewable energy to the electricity transmission network in the north of Scotland. However, in the context of the current market and policy environment, there are increasing challenges in meeting SSE's carbon intensity goal and SSE does not expect it will meet its ambitious goal to increase renewables output fivefold by 2030.

More detailed discussion on SSE's progress in these areas is outlined in the following pages.

Progressing towards 2030 Goals

Cut carbon intensity by 80%

13 CLIMATE ACTION

Reduce scope 1 carbon intensity by 80% by 2030 to 61gCO_2e/kWh, compared to 2017/18 base year of 307gCO_2e/kWh.

218gCO_2e/kWh

On target but with risk

61gCO_2e/kWh

See page 47

Increase renewable energy output fivefold

7 AFFORDABLE AND CLEAN ENERGY

Build a renewable energy portfolio that generates at least 50TWh of renewable electricity a year by 2030.

13.3TWh*

Behind target

50TWh

See page 49

Enable low-carbon generation and demand

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Enable the connection of at least 20GW of renewable generation capacity within SSEN Transmission's licence area.

10.9GW

On target

20GW

See page 51

Champion a fair and just energy transition

8 DECENT WORK AND ECONOMIC GROWTH

Be a global leader for the just transition to net zero, with a guarantee of fair work and commitment to paying fair tax and sharing economic value.

£8.68bn
contribution to UK and Irish GDP

67,190
jobs supported in the UK and Ireland

See page 56

* Includes pumped storage, battery energy storage systems, biomass and constrained-off wind in GB.

Driving climate action

With the case for climate action more pressing than ever, SSE is at the forefront of the energy transition, providing practical solutions needed for a clean power system. At the same time, we're increasing focus on climate adaptation to ensure our operations and assets are resilient to climate change.

A strategy for net zero

SSE's strategy is tackling climate change head-on supporting the energy transition and achieving clean power. SSE's Net Zero Transition Plan, 2030 Goals and accompanying science-based targets set out how the Company intends to achieve this.

Our Net Zero Transition Plan

To demonstrate its commitment to the energy transition, SSE aims to reach net zero across scope 1 and 2 greenhouse gas (GHG) emissions by 2040 at the latest (subject to security of supply requirements), and across scope 3 GHG emissions by 2050 at the latest.

These are long-term ambitions, so to make meaningful progress, SSE has set four near-term targets verified by the Science Based Targets initiative (SBTi) and aligned to a 1.5°C pathway. See the graphic below.

These targets form the basis of SSE's Net Zero Transition Plan which sets out the tangible actions to remove GHG emissions from SSE's electricity generation, operations and value chain. The plan makes clear that, while the transition may not be linear, over time, the power system as a whole needs to decarbonise completely. This means deploying renewables at scale while transitioning away from unabated gas generation to new low-carbon flexible generation. SSE's role in the transition also goes beyond its own targets, with the Company's investment in decarbonised electricity helping other key sectors to remove carbon from their operations too.

Updating SSE's Net Zero Transition Plan

In 2024/25, SSE updated its Net Zero Transition Plan, consistent with the Transition Plan Taskforce (TPT) recommendation to update standalone plans every three years. SSE's refreshed Plan is structured around three core themes: generation, operations and value chain. This structure helps stakeholders better understand SSE's actions to reduce emissions.

The Plan also includes action to protect and restore nature, and new emissions scenarios against SSE's scope 1 and 2 2030 science-based targets. In light of the UK Government's Clean Power 2030 Action Plan, these scenarios are based on the timing of the phased reduction in unabated gas generation and its shift to a back-up role to balance the system and ensure security of supply.

Amendment to SSE's shareholder 'say on climate' resolution

The Board plans to table a resolution at the 2025 Annual General Meeting (AGM) that will reset the framework and establish a three-year cycle for voting on SSE's Net Zero Transition Report. Progress against SSE's carbon targets and Net Zero Transition Plan will continue to be published yearly in SSE's Annual and Sustainability Reports. SSE introduced the framework for the advisory vote in 2021, and shareholders last voted at the 2024 AGM, with 98.2% voting in its favour.

SSE's Net Zero Transition Plan pathway

This graphic shows SSE's near- and long-term carbon targets.

S1 Scope 1 | S2 Scope 2 | S3 Scope 3

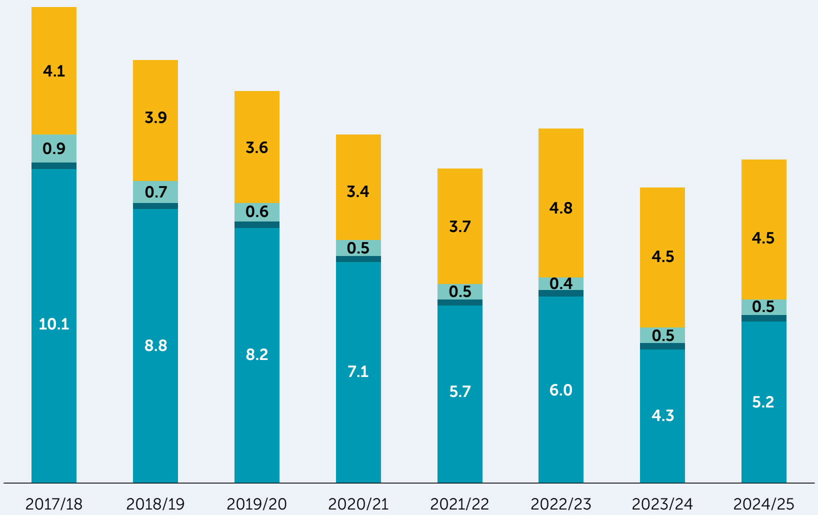
	Near term (2025 – 2035)				Long term (2035 – 2050)	
TARGETS	**Carbon intensity** Reduce the carbon intensity of scope 1 GHG emissions by 80% by 2030, from a 2017/18 base year.	**Absolute emissions** Reduce absolute scope 1 and 2 GHG emissions by 72.5% by 2030 from a 2017/18 base year.	**Supplier engagement** Engage with 90% of suppliers by spend to set science-based targets by 2030.	**Gas sold** Reduce absolute GHG emissions from use of products sold by 50% by 2034 from a 2017/18 base year.	**Scope 1 and 2** Net zero for SSE's scope 1 and 2 emissions by 2040.	**Scope 3** Net zero for all SSE's remaining scope 3 emissions by 2050.
	S1	S1 S2	S3	S3	S1 S2	S3

Note: for definitions of scopes 1, 2 and 3 SSE follows the GHG Protocol.
For further information on SSE's Sustainability Reporting Criteria 2025 see sse.com/sustainability

SSE's total reported emissions

SSE's total reported emissions increased by 10% between 2023/24 and 2024/25, mainly due to an increase in scope 1 emissions from thermal generation. Overall, SSE's reported emissions have decreased by 32% versus the 2017/18 base year, falling from 15.1MtCO_2e to 10.2MtCO_2e in 2024/25. SSE's total reported emissions in 2024/25 consisted of 51% scope 1 emissions, 5% scope 2 emissions and 44% scope 3 emissions. For more detail see Carbon performance disclosures page 79.

Figure 1: SSE's GHG emissions by scopes between 2017/18 and 2024/25 (million tonnes CO_2e)



- **Scope 3:** Gas sold (Category 11), Joint Venture investments (Category 15), well-to-tank emissions from raw fuels purchased (excluding gas sold) and transmission and distribution emissions from electricity used in non-operational and operational buildings (Category 3), SSEN Transmission network losses (Category 9), contractor vessels (Category 4), and business travel (Category 6)
- **Scope 2:** Electricity consumption in operational and non-operational buildings and SSEN Distribution network losses
- **Other scope 1:** Operational vehicles and fixed generation, sulphur hexafluoride and gas consumption in buildings
- **Scope 1:** Electricity generation carbon emissions

Figure 2: 2024/25 progress against SSE's science-based targets from a 2017/18 base year

Scopes 1 and 2

Reduce the carbon intensity of scope 1 GHG emissions by 80% by **2030**

36% progress

2024/25: **218gCO_2e/kWh** (29% reduction from base year)

Reduce absolute scope 1 and 2 GHG emissions by 72.5% by **2030**

67% progress

2024/25: **5.70MtCO_2e** (48% reduction from base year)

Scope 3

Reduce absolute GHG emissions from use of products sold by 50% by **2034**

46% progress

2024/25: **1.95MtCO_2e** (23% reduction from base year)

Engage with 90% of suppliers by spend to set science-based targets by **2030**

51% engaged

2024/25: **51% by spend engaged**

Performance against SSE's Net Zero Transition Plan

This year marks an important halfway point towards two of SSE's key science-based targets that are focused on carbon intensity and absolute emissions. The Company has made progress against each of the four near-term targets, as outlined in Figure 2.

SSE is now one-third of the way towards its scope 1 carbon intensity reduction target and two-thirds of the way towards its absolute scope 1 and 2 reduction target. SSE is nearly halfway towards meeting its scope 3 gas sold target. Last year it also met its supplier target to engage with 50% of suppliers by spend to help them set science-based targets by 2024. The updated Net Zero Transition Plan includes a revised supplier target, to engage 90% of suppliers by spend by 2030.

Scope 1 and 2 emissions performance

This year, SSE's scope 1 GHG intensity of electricity generated was 218gCO_2e/kWh (2023/24: 205gCO_2e/kWh). This represents a 29% reduction against the 2017/18 base year. Meanwhile, SSE's scope 1 and 2 absolute emissions were 5.70MtCO_2e (2023/24: 4.81MtCO_2e), representing a 48% reduction against the 2017/18 base year.

Both SSE's scope 1 carbon intensity and absolute scope 1 and 2 emissions increased compared to last year due to a 24% rise in thermal generation output and constrained capacity on the grid for renewable energy. This year's rise in thermal generation output was caused by changes in market demand and increased running of SSE's most efficient assets.

SSE's Scope 2 GHG emissions were 0.48MtCO_2e in 2024/25. This represents a 2% increase from the previous year (2023/24: 0.47MtCO_2e). This was due to a marginal increase in emissions from distribution losses from more power being transported across the distribution networks.

With thermal electricity generation accounting for 99% of SSE's scope 1 emissions in 2024/25, both its thermal and renewables businesses have an important role to play in reducing SSE's carbon intensity of generation. This year, that included new investment in a power station in Ireland that will run on 100% sustainable biofuels, the start of operations at Viking onshore wind farm in Shetland and near completion and commercial operations at Yellow River Wind Farm in Ireland.

Sustainability continued

SSE's other operational emissions accounted for 9% of scope 1 and 2 emissions in 2024/25, and the Company is involved in a range of activities to reduce them. These include trialling hydrotreated vegetable oil (HVO) as an alternative to standby diesel generation for remote electricity distribution customers, switching SSE's car fleet to electric models and tackling sulphur hexafluoride (SF_6) leaks. For more information see page 59

Scope 3 emissions performance

SSE's largest scope 3 emissions categories are gas sold to customers (43%), emissions from joint venture thermal generation (35%) and upstream well-to-tank emissions from fuels purchased for thermal generation (19%).

SSE's total scope 3 emissions in 2024/25 increased slightly by 2% to 4.54MtCO$_2$e (2023/24: 4.46MtCO$_2$e). This was due to higher upstream well-to-tank emissions from increased fuel use in the thermal power stations.

Scope 3 emissions from gas sold to customers in 2024/25 were 1.95MtCO$_2$e (2023/24: 2.01MtCO$_2$e). This represents a 23% reduction against the 2017/18 base year. Emissions associated with joint venture thermal generation remained consistent at 1.60MtCO$_2$e in 2024/25.

SSE is working with customers to help them reduce gas consumption and with joint venture partners to develop their transition plans.

SSE has also been working towards better understanding the scope 3 emissions embedded in the goods and services it buys to help estimate its purchased goods emissions using a spend-based methodology. In future, SSE is aiming to move towards a hybrid reporting method that combines supplier and spend data.

Adapting to climate change

The physical impacts of climate change have the potential to adversely affect SSE's operations and interrupt energy supply to homes and businesses. So it's more important than ever that the Company ensures its operations and networks are both prepared and resilient.

A key climate risk is the impact from extreme weather events, such as high winds or intense storms. SSE has made investments to manage this risk and help teams respond to problems as quickly as possible. For example, SSE monitors short- and long-term weather patterns, has robust business continuity plans and is investing to improve the resilience of its infrastructure.

SSE's work was put to the test in January 2025, when 1,100 engineers and community support teams were mobilised to respond to Storm Éowyn, which brought 100mph winds to parts of Scotland. During this storm, SSEN Distribution quickly restored power to approximately 92,000 affected customers. See case study on page 38 for more detail.

Meanwhile, SSE's Business Units are preparing their climate risk assessments and adaptation plans. In 2024/25, SSEN Transmission published a new climate resilience strategy, while SSEN Distribution published its fourth standalone report in response to UK Government requirements on power companies. SSE also participates in national adaptation frameworks, which this year included contributing to the fourth round of voluntary, industry-level Climate Adaptation Power reporting (APR4).

Figure 3: Summary of SSE's key climate-related opportunities and risks

As part of meeting its climate-related financial disclosure requirements set out by the Financial Conduct Authority, SSE has identified the material climate-related opportunities and risks related to the Company's strategy. The Company reviews these every two years and this year updated them as shown here.

This table provides a summary of SSE's material climate-related opportunities and risks, alongside time horizon assessed and the scenario sensitivity. For more detail on the opportunities, risks, time horizons and scenario sensitivities see pages 71 to 78.

Time horizon of opportunity or risk:
SSE considered different warming scenarios over three time horizons to assess the financial impact in each time period.

■ Period of opportunity or risk ■● Most material impact

Scenario sensitivity:
Scenario sensitivity indicates the financial significance of different warming scenarios as indicated by the scenario modelling.

●●●● High sensitivity ● Low sensitivity ▨ Warming scenario not assessed

		Time horizon			Scenario sensitivity		
		2035	2050	2080	1.5°C	2.5°C	4°C
Transition opportunities	Accelerated transmission growth	■	■●		●●●●	●●●	▨
	Accelerated wind investment	■	■●		●●●●	●●●●	▨
	Valuable flexible hydro	■	■●		●	●	▨
	Valuable flexible thermal	■	■●		●●●	●	▨
	Driving distribution transformation	■	■●		●●	●●	▨
Transition risk	Wind generation price	■	■●		●●●●	●●●	▨
Physical risks	Variable renewable generation risk		■	■●	●●●	▨	●●●●
	Extreme weather network damage		■	■●	●●	▨	●●

Providing affordable and clean energy

7 AFFORDABLE AND CLEAN ENERGY

The best way we can make energy more affordable for consumers is by developing new sources of renewable generation supported by transition finance to unlock investment. As we do so, we continue to ensure our own customers have access to secure, reliable energy, helping those in vulnerable circumstances stay connected.

Our 2030 Goal: increasing renewable output

SSE's 2030 Goal to increase renewable energy fivefold to 50TWh a year, while established in 2021, is critical support to clean power ambitions in the UK and Ireland.

During 2024/25, renewables output increased by 19% to 13.3TWh* (2023/24: 11.2TWh), meaning that SSE is now just over a quarter of the way towards its 2030 Goal. This was due to the addition of Viking onshore wind farm and the first full year of operation of Seagreen offshore wind farm. Average wind speeds modestly improved relative to last year, but operational production was negatively affected by Storm Éowyn in early 2025.

Generation capacity across SSE Renewables' portfolio increased to 4,983MW at 31 March 2025 (2023/24: 4,457MW). As well as Viking in the Shetland Islands, SSE's Chaintrix-Bierges and Vélye Wind Farm entered commercial operations – SSE's first operational asset in mainland Europe. SSE Renewables' first battery storage project is also now fully operational.

The delivery of the Dogger Bank A offshore wind farm has been subject to delays as outlined on page 31, with work continuing at Dogger Bank B and C.

SSE Renewables has seen a significant growth in installed capacity and output over the last few years, however the changing macroeconomic environment and wider delays to planning processes mean the Group has reduced its near-term capital investment expectations. As a result, it is unlikely to meet its ambitious goal of 50TWh Renewable generation output by 2030. More information can be found in the SSE Renewables business operating review on pages 30 to 31.

Financing the net zero transition

Green- and sustainability-linked finance are an important part of how SSE can help accelerate the transition to net zero. In March 2025, SSE plc issued its ninth Green Bond – a €600m, seven-year Green Bond to support investment in critical national infrastructure.

The proceeds will help finance and/or refinance SSE Renewables projects that are under construction or recently completed. At the time of issuing, this Green Bond reaffirmed SSE's position as the largest UK corporate issuer of Green Bonds, with the total outstanding Green Bonds issued by SSE plc and its subsidiaries now standing at £4.9bn.

Meanwhile, in October 2024, SSE plc and SSEN Transmission signed new sustainability-linked revolving credit facilities (RCFs) totalling £3bn.** Both RCFs include sustainability-related, business-specific key performance indicators that focus on priority elements of each business's sustainability strategy.

Measuring green economic activity

Green taxonomy frameworks are useful tools for helping stakeholders understand the scale of a company's green economic activities. With the UK's Green Taxonomy framework still in development, SSE voluntarily aligns its reporting with the EU Taxonomy. The high-level results of this assessment are outlined in Figure 4.

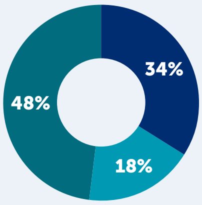
In 2024/25, 89% of SSE's adjusted investment and capital expenditure was aligned with the EU Taxonomy. This demonstrates progress against SSE's NZAP Plus investment plan to accelerate the build-out of the renewables, electricity networks and system flexibility that will be needed to reach net zero.

A full breakdown of SSE's taxonomy eligible activities and the assumptions used can be found in the Disclosure Statement on page 80.

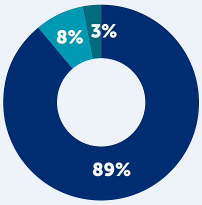
Figure 4: Taxonomy-aligned activities 2024/25

- Taxonomy-eligible aligned
- Taxonomy-eligible not aligned
- Taxonomy-non-eligible

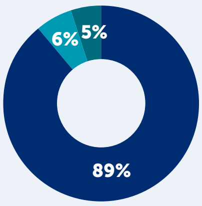
Revenue £10,131.9m



Adjusted operating profit £2,419.2m



Adjusted investment and capital expenditure £2,910.4m



* Includes pumped storage, battery energy storage systems, biomass and constrained-off wind in GB.
** Of which £1.5bn relates to SSEN Transmission, which is 75% owned by SSE plc.

Helping customers with a just energy transition

SSE's purpose is to provide energy needed today while building a better world of energy for tomorrow. It does that in the most direct way by supplying electricity and gas to households on the island of Ireland, and to businesses in both GB and Ireland. SSE energises homes with a market-leading range of energy plans designed around customers' lifestyles and budgeting preferences and, supports business customers on their own low-carbon journey with tools and support to monitor and track energy use.

The following examples outline a snapshot of the different ways that SSE has helped customers during the year.

Managing Irish price increases

SSE Airtricity has worked hard to shield customers in Ireland from the impact of increased network prices and other charges. The business has reduced prices three times since the peak of the energy crisis in 2022 and forewent profit in 2023 in order to return funds to customers.

However, rising external costs, including network charges and wholesale energy costs, means that in February 2025, SSE Airtricity announced increases to standard variable household electricity and gas prices in Ireland.

Increasing prices is always a last resort and as part of its commitment to working with customers, SSE Airtricity is a member of the voluntary Energy Engage Code. Following this code is one of the ways SSE Airtricity supports customers concerned about paying their bills.

Prioritising vulnerable customers

Anyone can find themselves in vulnerable situations, and SSE is committed to ensuring people in particular need have access to energy, whatever their circumstances. For example, SSEN Distribution's Priority Service Register (PSR) identifies customers who are in potentially vulnerable situations, and who may be particularly affected in the event of supply interruptions. The case study on this page outlines the SSEN Distribution's work in 2024/25 to raise awareness of the PSR.

SSEN Distribution also supports community warm hubs through its partnership with the Warm Welcome Campaign. Started as a crisis response to keep people warm through the winter, the charity helps people find a place of connection and warmth close to home. 550 warm hubs are provided across SSEN Distribution's licence areas, creating warm, safe and welcoming spaces run by and for the community.

Supporting households with energy efficiency

SSE Airtricity actively develops propositions that will help customers lower bills and move towards a low-carbon pathway.

In Ireland, progressive government policies are in place to support energy efficiency measures for domestic customers. In support of this, SSE Airtricity delivered over 2,000 rooftop solar installations in partnership with Activ8 Energies in 2024/25, lowering bills by up to 50%.

In addition, to support vulnerable households in Northern Ireland, SSE Airtricity provided Bryson Charitable Group with a donation of £250,000 in 2024/25. This is in addition to £2m previously donated and will help provide practical support to homes at risk of energy poverty and long term winter invention measures for service users.

See more information on page 40.

Advising on energy affordability

Through a number of strategic partnerships, SSEN Distribution supports customers with the cost of energy, largely through energy efficiency advice and services. During 2024/25, this included providing energy efficiency advice to more than 1,000 households and more than 50 households receiving support to install energy efficiency measures. In addition, SSEN's partnership with Maggie's cancer charity, supported over 1,800 households with advice and signposting around benefits, maximising income, grants and household bills.

▼ Vulnerable customers are a priority – particularly in severe weather

Supporting energy customers in times of need

SSEN Distribution's Priority Services Register (PSR) identifies customers who are in potentially vulnerable situations,and who may be particularly affected in the event of supply interruptions, providing them with adapted services and additional support

SSEN Distribution ensures that it continually raises awareness around its PSR to ensure it captures as many people in need as possible, as people's situations change over time. In 2024/25, the number of customers signed up to SSEN Distribution's PSR reached over one million.

This milestone was reached through enhanced engagement by SSEN Distribution with community organisation and customers during the year. This included improvements to SSEN's Community Toolkit, which helps charities, vulnerable customer representatives and other local organisations promote the PSR with members of their community.

1 million

customers now signed up to SSEN Distribution's Priority Services Register

Investing in industry, innovation and infrastructure

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

SSE is working to deliver the new infrastructure needed for the just transition to net zero, with targets for low-carbon generation and demand. Delivering at pace and scale means investing in new technologies while working with our suppliers to create a more sustainable supply chain.

Our 2030 Goal: enabling low-carbon generation and demand

Delivering the transition to net zero requires the rapid roll out of new low-carbon infrastructure. That's why SSE has a 2030 Goal to connect at least 20GW of renewable generation capacity and facilitate around two million electric vehicles and one million heat pumps on SSEN's electricity networks by 2030.

At 31 March 2025, SSEN Transmission had 10.9GW of renewable capacity connected within its network area. This is a 17% increase compared to the previous year. This strong progress means that SSEN Transmission has exceeded its RIIO-T2 target to deliver an electricity network in the north of Scotland with the capacity and flexibility to accommodate 10GW of renewable generation by 2026. It means SSE is also on track to meet its 2030 Goal of 20GW.

SSEN Distribution had around 336,000 pure electric vehicles or plug-in hybrid vehicles registered in its licence areas at 31 March 2025, and around 56,400 heat pumps connected to its networks. It continued to progress several key innovation projects to support flexible markets and future infrastructure provision for the adoption of low-carbon technologies. This included further roll-out of its LENZA tool for local authorities (see page 38) and being awarded £450,000 of funding from Ofgem for 'EqualLCT' – a project aiming to support wider uptake of heat pumps by coordinating roll-outs with energy efficiency measures to reduce demand for electricity at peak times.

Unlocking net zero through innovation

SSE was founded on innovation – driving the hydro-electric revolution in the north of Scotland in the 1940s and building the electricity networks needed to transport that clean power. Today, SSE invests in innovation to accelerate the availability of low-carbon technologies and demonstrate their practical application, guided by three strategic areas: innovation that helps make the world safer, greener and smarter.

SSE's Innovation Advisory Council (IAC) oversees the Group-wide vision for innovation, identifying promising low-carbon technologies and providing a forum to drive a structured approach to innovation and technology horizon scanning. Guided by this vision, SSE's Business Units set their own innovation priorities and are accountable for delivering them.

They are supported by a central Partnership Funding team, which works with them to access government grants to test new technologies and market models.

SSE also works collaboratively with peers, suppliers and academia to make faster progress through shared learning and knowledge. For example, SSE is a founding member of two National Demonstration Research Centres and has enduring partnerships with Imperial College London, the University of Strathclyde, the University of Highlands and Islands and University College Dublin.

An innovative approach to local networks

Delivering net zero requires a transformation in the way that local electricity networks operate. SSEN Distribution is focused on building a smarter and more flexible network that enables the connection of more low-carbon technologies.

As uptake of these technologies increases, the demand for electricity will go up. SSEN Distribution has begun testing innovative solutions and services to find new ways of managing peak electricity demand in the north of Scotland. The new approach, which the business is calling 'Demand Diversification' will involve conducting real-world trials to manage electricity demand. These will be augmented by simulations run with the teams at the University of Strathclyde's Power Network Demonstration Centre and the Energy Systems Catapult, to model how this new solution would work at scale.

Electricity networks are designed to meet peak demands, which means much of their capacity is underused for most of the day. Demand Diversification will give customers incentives to spread their demand to less busy times, tapping into the ability of technologies, like EVs, heat pumps, and electric storage heaters, to be scheduled to periods when network demand is lower. Solutions such as Demand Diversification could have an important role both in helping to save consumers money and reducing waiting times for some new network connections.

Supporting a more sustainable supply chain

Building the clean power infrastructure needed to deliver SSE's strategy and NZAP Plus investment plan requires key goods and services, such as steel, concrete, cables and maritime vessels, which relies on a resilient, sustainable supply chain. As SSE ramps up its growth ambitions, it will need more of these goods and services. So it is committed to carefully managing the impact of its investment activities, while working collaboratively with suppliers to achieve shared sustainability ambitions.

In 2024/25, SSE spent £5.6bn with its supply chain partners, remaining consistent with the previous year. This follows a significant increase in supply chain spend between 2022/23 and 2023/24, from £3.7bn to £5.5bn.

Sustainable procurement

SSE works in partnership with suppliers to help them understand its ambitions and expectations, guided by several Group-level frameworks. These include a Sustainable Procurement Code, Sustainable Procurement Plan and a new Supplier Diversity Strategy, launched in September 2024. SSE and its Business Units hold sustainability-related supplier engagement sessions to promote these frameworks and encourage greater collaboration. For example, SSEN Distribution hosted two sessions in 2024/25 to encourage climate and social action across the supply chain.

SSE uses EcoVadis – a globally recognised sustainability assessment platform – to assess supplier performance against key environmental, social and governance areas. At 31 March 2025, 46% of SSE's suppliers by spend had a valid score through the EcoVadis platform. SSE itself has been awarded EcoVadis's top rating, Platinum, putting the Company in the top 1% of all companies assessed by EcoVadis.

▼ SSE Chief Executive Alistair Phillips-Davies speaks at the PNZP workshop in Reading

Working with partners on critical and conflict minerals

Critical minerals such as lithium, silicon and copper are essential for building the green technology components that power wind turbines, solar panels and batteries. But these minerals are often located in parts of the world that are at higher risk of human rights abuses and conflict. So understanding and tracing their origin are vital for a just transition. However it can be challenging for companies to access transparent mineral data.

To support greater transparency, the Powering Net Zero Pact (PNZP), which brings together SSE's suppliers, partners and peers, held a workshop in November 2024, focused on these critical and conflict minerals. The workshop included guest speakers from the UK's Foreign, Commonwealth and Development Office, the Department for Business and Trade, and the Initiative for Responsible Mining Assurance (IRMA).

The day highlighted the need to build awareness across the industry on this challenging subject matter and for internationally recognised standards on social and environmental performance at mining sites.

Working with suppliers to set science-based targets

In 2024, SSE reached its target to engage with 50% of suppliers by spend to help them set science-based targets. It has now expanded the target to engage 90% of suppliers by spend by 2030. To date, 51% of SSE's suppliers by spend have set, or committed to set, verified science-based targets (2023/24: 51%).

Committed to decent work and economic growth

8 DECENT WORK AND ECONOMIC GROWTH

Providing decent work and stimulating economic growth are essential for us to achieve our strategic objective related to creating and sharing value. This means helping to develop the workforce of the future and creating a safe and ethical workplace, while ensuring we support the wider economy, society and local communities.

Our Just Transition Strategy in action

Tackling climate change requires big changes in how society produces, transports and uses energy. SSE aims to influence those changes in ways that create shared value. This includes setting a 2030 Goal to be a global leader for the just transition to net zero, with a guarantee of fair work and commitment to fair tax and sharing economic value.

SSE's work is guided by its Just Transition Strategy. The strategy takes a 'place-based' approach, recognising how important it is that the energy transition is grounded where it will happen, informed by the views of the people who will be most affected. The work highlighted in the rest of this section are all examples of SSE's Just Transition Strategy in action.

Building a workforce for a net zero future

SSE needs to have the right people with the right skills in place to deliver a clean power system. This includes helping people switch from high-carbon to low-carbon jobs and offering opportunities that will suit people from diverse backgrounds.

As of 31 March 2025, SSE's total headcount was 14,880, reflecting a net increase of 989 – a 7% rise on the previous year (2023/24: 13,891). Most of this growth occurred within SSEN Transmission and Distribution, which together accounted for 788 of the new roles, in line with their regulated business plans. This expansion means SSE has exceeded its estimate of creating 1,000 new jobs per year from 2021/22 to 2024/25 to support its investment strategy (2021/22 headcount: 9,942).

Following this period of accelerated growth, the speed of that growth is temporarily slowing in some areas.

SSE has commenced an operating and efficiency review, intended to ensure that it has the right structures, resourcing and accountabilities to maximise the growth opportunities ahead. The review will involve measures to improve operational efficiency, increase organisational competitiveness and rebalance businesses for future growth. SSE will ensure that any changes made that impact employees are concluded in a fair and transparent manner.

SSE's focus this year therefore has been on embedding new talent, as well as helping employees make the most of career development opportunities, and encouraging internal job moves to ensure teams are set up effectively to deliver the NZAP Plus.

This year, SSE's employee retention rate was 91.1% (2023/24: 91.3%), while voluntary turnover was 5.2% (2023/24: 5.5%).

SSE continues to invest in employee training and development, which this year included new mandatory onboarding for new managers and piloting a new 'Leading Leaders' programme for senior employees.

The Company continues to support early careers and encourage social mobility and diversity through its talent development pipeline. For example, in 2024/25 SSE invested £11.4m in its graduate development programme (2023/24: £11.2m). Its ongoing partnership with Enable helps people with a disability or long-term health condition into work.

To help develop a robust talent pipeline, SSE participates in science, technology, engineering and maths (STEM) programmes for young people, including a new partnership with STEM Learning, through which 172 employees have now registered as 'STEM Ambassadors'.

Supporting an ethical workplace

Supporting a just transition starts with SSE and the way it interacts with the people who work for and with the Company – from employees to supply chain partners. It means keeping people safe, acting responsibly, listening to people's views, guaranteeing fair work, and creating a culture of respect.

Our workforce in 2024/25

Total headcount at 31 March

14,880
(2023/24: 13,891)

Retention rate

91.1%
(2023/24: 91.3%)

34%
(2023/24: 35%)

of new joiners have transitioned from high- to low-carbon roles*

Developing our people

96.3%
(2023/24: 89.4%)

of employees received training or development

£41.0m
(2023/24: £34.2m)

invested by SSE in training and development

27.5
(2023/24: 21.1)

average number of full-time equivalent employee training hours

* Data covers employees who reached six months' service within 2024/25 and who completed SSE's new joiner survey.

Data in this section excludes employee data for Enerveo Limited, which remains under strategic review with the Infrastructure Solutions component of Enerveo being held for sale during 2024/25.

Better safety performance

Safety is SSE's number one value and everyone's responsibility. The Company's priority that everyone gets home safe is enshrined in SSE's Safety value: 'if it's not safe, we don't do it.'

During 2024/25, overall safety performance in SSE's direct workforce improved – with a lower workforce incident rate, fewer potentially life-changing injuries, and a reduction in the rate of more serious incidents. The Total Recordable Injury Rate (TRIR) for employees and contractors combined was the lowest in three years at 0.16 (2023/24: 0.20).

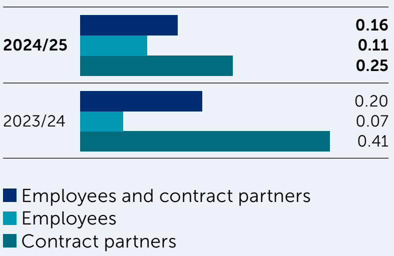
To stay focused on safety in 2024/25, SSE set a performance expectation for the TRIR of 0.09 for employees, and 0.40 for contract partners.

SSE did not meet this expectation for employees, with the 2024/25 TRIR increasing to 0.11 (2023/24: 0.07). It did however see a significant improvement in its contract partner performance, exceeding the expectation at 0.25 (2023/24: 0.41).

Contractor safety has been a particular focus for SSE in recent years, given that the increased investment and construction work needed to achieve SSE's business goals has naturally led to an increase in the number of hours worked by contract partners. During 2024/25, SSE's dedicated Contractor Safety Team continued implementing a targeted improvement programme, while the Company launched new Safety Health and Environment (SHE) specifications at its annual contract partner conference.

Meanwhile over 7,000 employees and around 900 contract partners took part in SSE's unique immersive safety training in 2024/25.

Figure 5: SSE's total recordable injury rates
(per 100,000 hours worked)



Encouraging people to 'Speak Up'

SSE is committed to doing business in the right way and creating a culture where people feel comfortable raising concerns, knowing that they will be dealt with quickly and fairly.

SSE sets out its expectations for anyone working for or with the Company in its publication, *Doing the Right Thing: SSE's guide to good business ethics*. The guide covers a range of topics, from safety to preventing financial crime and corruption, and outlines SSE's relevant training and resources. SSE promotes the guide to all employees and makes suppliers aware of it through SSE's Sustainable Procurement Code. *Doing the Right Thing* is available at sse.com/about-us/our-culture.

SSE also encourages everyone who works for or with the Company to report concerns via its 'Speak Up' programme, which includes an independent anonymous whistleblowing service called Safecall. In 2024/25, SSE received 62 reports of suspected wrongdoing via the Company's Speak Up channels, including Safecall (2023/24: 73).

While this marks a slight reduction, the overall volume remains consistent with historical patterns, reflecting the natural ebb and flow of reporting. A breakdown of the categories of reported incidents and outcomes of investigations, alongside how SSE supports employees who speak up, can be found in the Sustainability Report 2025 at sse.com/sustainability.

Engaging with our employees

In September 2024, SSE ran its annual all-employee engagement survey. In all, 84% of employees responded with a strong sustainable engagement score of 86% (2023: 85%). Safety, doing the right thing and inclusion all continued to exceed external benchmarks. However, while the number of people who feel engaged with SSE's strategy improved, it lagged behind very high industry benchmarks. Strategy will therefore be a focus of employee engagement in future.

SSE's Board also directly engages with employees throughout the year. See more on pages 99 to 100.

Guaranteeing fair work

One of the best ways that SSE can support a just transition is by ensuring that the people who work for and with it are paid fairly, properly supported with appropriate training, policies and processes, and treated with respect. This includes actively promoting the principles of fair pay through a longstanding commitment to paying the voluntary Living Wage in the UK and Ireland.

In early 2025, SSE updated its UK 'service and works' Living Wage supplier clause to clarify real Living Wage requirements for workers on vessels and set out a defined process for audit, escalation and remediation.

Everyone in SSE has the right to freedom of association and to join a trade union. SSE has four recognised trade union partners, which it works with through the Joint Negotiating and Consultative Committee and regular ongoing dialogue. In 2024/25, 46.4% of SSE's total direct workforce was covered by collective bargaining agreements (2023/24: 47.6%).

Highlights from our 2024 employee engagement survey

Sustainable engagement score
86%
(2023: 85%)

90%
(2023: 91%)
feel SSE has an inclusive culture

91%
(2023: 92%)
feel SSE promotes a safe workplace culture

86%
(2023: 81%)
feel engaged with SSE's strategy

Protecting human rights across our value chain

Human rights abuses and modern slavery in all its forms are unacceptable, and SSE has a responsibility to understand and reduce the human rights risks within its businesses and supply chain.

In 2024/25, as part of its Human Rights Strategy and Action Plan, SSE formalised its approach to responding to potential human rights incidents. This includes a new procedure, aligned to the UN Guiding Principles, that details SSE's approach to escalating, investigating, and – where appropriate – remediating human rights-related issues.

SSE also became the first UK-headquartered energy company to join the Initiative for Responsible Mining Assurance (IRMA). While SSE doesn't source directly from mining companies, joining IRMA enables SSE to advocate for responsible mining in key minerals and metals that the energy transition relies on.

SSE has a Group Human Rights Policy that includes its commitment to upholding key international frameworks. More information can be found in SSE's Human Rights Report and Modern Slavery Statement. Both are available at sse.com.

SSE's Inclusion and Diversity Report 2025

SSE's Inclusion and Diversity Report provides further information on SSE's strategy, action plans, key performance indicators (KPIs) and initiatives throughout 2024/25. The report can be found alongside more information at sse.com.

Building an inclusive team

As SSE navigates ongoing change in the external environment, its commitment to inclusion and diversity remains resolute. Underpinned by a robust Inclusion and Diversity Strategy, SSE's approach is focused on integrating inclusion into everyday activities such as decision making, process improvements, workplace design and innovation.

Performance in diversity

SSE measures progress against stretching diversity ambitions that are aligned with best practice and ensure that the Company is monitoring a wide range of diversity metrics. Progress against these ambitions for all employees and for senior leadership is outlined in Tables 1 and 2 respectively.

SSE's workforce diversity

Representation in SSE's workforce as a whole increased in the key diversity metrics measured in 2024/25. SSE continues to embed its inclusion and diversity initiatives to drive progress in representation, as outlined in SSE's Inclusion and Diversity Report 2025.

Diversity in senior leadership

In 2024/25, all cohorts of SSE's senior leadership, except the GEC, saw increases in the proportion of women represented. While the number of women in the GEC remained the same, the number of men increased when Finlay McCutcheon joined the cohort as Managing Director of SSE Thermal in September 2024. This change resulted in a reduction in the percentage of women in the GEC to 9.1% (2023/24: 10%).

In 2023, SSE established a new ambition in line with the Parker Review recommendations, to achieve 6% ethnic minority representation within its GEC and direct reports by 2027. At 31 March 2025, ethnic minority representation was 2.4%, up from 1.2% in December 2023, when the ambition was set, but a slight decrease from 2.5% in March 2024. This change is the result of a small increase in the overall number of employees in the GEC and direct reports cohort, while the number of ethnic minority employees remained the same.

Full details of membership changes of the Board and GEC, how SSE determines its senior leadership ambitions and the Nomination Committee's focus this year are on pages 107 to 111.

Increasing data disclosure

The process of setting ambitions, tracking progress and shaping priorities relies on insights provided by employee diversity data. Through targeted communication campaigns and offering more accessible ways for employees to share their information, SSE's overall employee diversity data disclosure rates increased to 77% in 2024/25 (2023/24: 65%).

SSE's pay gaps*

Between 2024 and 2025, SSE saw both its UK median and mean gender pay gaps continue to narrow. The median UK gender pay gap was 11.5% (2024: 12.0%) and the mean UK gender pay gap reduced to 8.7% (2024: 10.5%). This was largely driven by increases in the proportion of women in the upper pay quartile and in SSE's Leadership Group.

Table 1: Performance against SSE's all-workforce diversity ambitions[1]

Employee representation	Ambition year	Ambition	31 March 2025	31 March 2024
Women[2]	2030	33%	31.6% 10,185 men/ 4,695 women	31.0% 9,586 men/ 4,305 women
Disability[3]	2030	8%	14.5%	11.6%
Ethnic minority[3]	2030	15%	11.2%	10.1%
LGBTQIA+[3]	2030	8%	4.3%	4.1%

1 Data is collected on SSE's HR data reporting system.
2 Gender information is captured from legal documentation at employee onboarding and recorded in SSE's HR data system, which maintains a 100% completion rate. In instances where employees transitioned after joining, the gender field on the HR data system is changed, upon receipt of a formal employee request.
3 Disability, ethnic minority, and LGBTQIA+ (lesbian, gay, bisexual, transgender, queer or questioning, intersex, asexual and any others that don't identify under any of the terms listed) data listed is based on the following disclosure rates as at 31 March 2025, recognising that employees share this data voluntarily: disability (including neurodiversity) 77%, ethnicity 77%, LGBTQIA+ 76%. The overall employee diversity disclosure rate is 77%.

Table 2: Progress against SSE's senior leadership diversity ambitions

Diversity category	Ambition year	Ambition	31 March 2025	31 March 2024
Proportion of women represented on:				
Board Group	Ongoing	50% with no less than 40%	46.2% (7 men/ 6 women)	41.7% (7 men/ 5 women)
Group Executive Committee (GEC)[1]	–	–	9.1% (10 men/ 1 woman)	10.0% (9 men/ 1 woman)
GEC and direct reports (excl. administrative roles)[2]	2025	40%	38.6% (51 men/ 32 women)	37.5% (50 men/ 30 women)
Leadership Group[3]	2030	40%	27.7%[(a)] (1,002 men/ 383 women)	26.4% (948 men/ 340 women)
Proportion of ethnic minorities represented on:				
GEC and direct reports (excl. administrative roles)[4]	2027	6%	2.4%	2.5%

(a) This data is subject to external independent limited assurance by Ernst & Young Global Limited ('EY'). For the results of that assurance, see EY's assurance report and SSE's Sustainability Reporting Criteria 2025 on sse.com/sustainability.
1 The GEC comprises all Committee members and the Committee secretary.
2 In line with FTSE Women Leaders review recommendations, SSE's ambition for this cohort includes direct reports.
3 Employees in SSE's senior level pay grades.
4 Based on GEC and direct reports ethnicity disclosure rates of 93% in March 2025, 88% in March 2024.

SSE's UK gender pay gap performance 2025

UK median gender pay gap

11.5%

(2024: 12.0%)

UK mean gender pay gap

8.7%

(2024: 10.5%)

* Figures for both gender and ethnicity pay gaps represent SSE's UK operations as a whole, rather than individual legal entities. Data excludes Enerveo Limited, which remains under strategic review with the Infrastructure Solutions component of Enerveo being held for sale during 2024/25. A breakdown of gender pay gap data for all eligible legal entities under the UK Government's gender pay gap reporting requirements can be found at gender-pay-gap.service.gov.uk. Data for previous years was calculated using the methodology in place at that time.

Narrowing pay gaps requires sustained effort over time. SSE's approach is underpinned by a robust Inclusion and Diversity Strategy, with action plans that evolve to reflect what works best for the business.

Through this approach SSE's UK gender pay gap has fallen consistently and substantially over the last five years, from a median of 18.3% in 2021 to 11.5% in 2025. Over the same period, the mean gender pay gap has fallen from 16.5.% to 8.7%.

Factors that have contributed to the reduction in the median pay gap over this time include: greater representation of women in the overall workforce and in the higher pay quartiles; an increased proportion of women in the Leadership Group; and the impact of SSE's joint agreement pay progression model, which was introduced in 2021. A targeted inclusive recruitment strategy with a focus on senior roles and broader inclusion policies has helped to bring about these changes.

In line with its commitment to the Change The Race Ratio, SSE has voluntarily disclosed its second set of UK ethnicity pay gap data in its Inclusion and Diversity Report 2025. It provides detail and discussion on SSE's gender and ethnicity pay gap statistics, including additional data, analysis, and disclosure of the wide range of actions taken to address pay gaps.

SSE will publish its Ireland Gender Pay Gap Report 2025 later in the year, in line with the Irish Government's requirements.

Creating value for the economy and society

SSE's investment in low-carbon infrastructure and associated activities make a significant contribution to the economies of the UK and Ireland. Much of the work that drives SSE's commercial performance also delivers long-term positive benefits far beyond the Company.

SSE's economic impact in 2024/25

Every year, SSE tracks its economic impact by commissioning professional services firm PwC UK to estimate the annual overall contribution to GDP and number of jobs supported. In 2024/25 SSE is estimated to have contributed £8.68bn to UK and Irish GDP (2023/24: £6.75bn[1]). Meanwhile, the number of jobs SSE supported in these countries increased to 67,190 (2023/24: 54,830[1]).

The increase in contribution to GDP and jobs supported since last year can be primarily attributed to higher spending and investment in areas of SSE and as result of updated national accounts data published by the Office for National Statistics (ONS) which is used in the analysis. In 2025, PwC UK also made some revisions to their methodology to increase alignment with published government data sources where available[2].

SSE is one of the UK's largest taxpayers. Over 2024/25, SSE's total tax contribution was £1.3bn. This consisted of £658m in taxes paid and £651m in taxes collected. SSE was ranked the 17th highest taxpayer, out of 100 companies, in the 2024 PwC Total Tax Contribution survey, and won PwC's Building Public Trust Award for tax reporting for UK-focused companies for the third consecutive year. Paying fair tax is an essential part of SSE's commitment to sharing value, and the Company has been Fair Tax Mark certified for the past 11 years. More information on SSE's taxes is available on pages 194 to 195.

Supporting social infrastructure

As part of its 'place-based' approach to the just transition, SSE contributes to essential services and infrastructure that support local communities and the economy. For example, in an industry first, SSEN Transmission has pledged to support the delivery of more than 1,000 homes across the north of Scotland, see case study on page 57. This work builds on the post-war legacy of building housing in the areas where SSE operates. Meanwhile, SSEN is working with local authorities to support them in adopting a tool designed to enable better, more efficient decisions on new net zero developments.

SSE's economic contribution in the UK and Ireland 2024/25

	UK	Ireland
Contribution to GDP	£7.88bn (2023/24: £5.86bn)	€0.95bn (2023/24: €1.04bn)
Jobs supported	62,000 (2023/24: 50,380)	5,190 (2023/24: 4,450)
Taxes paid	£592.1m (2023/24: £679.2m)	€75.0m (2023/24: €68.0m)
Investment in communities	£15.1m (2023/24: £11.5m)	€1.5m (2023/24: €0.9m)

Supporting local communities

As well as contributing to important social infrastructure, SSE is building long-term partnerships with the communities who live near its operations, ensuring they have the opportunity to shape, and benefit from, the energy transition.

During 2024/25, SSE's community investment funds across the UK and Ireland awarded £16.3m to support local projects. This is the highest value awarded in a single year since the funds were introduced.

A number of key milestones were reached during the year, including:

- **July 2024:** SSE Thermal launched a community investment fund worth up to £150,000.
- **September 2024:** SSEN Transmission introduced its first ever community investment fund, allowing organisations across the north of Scotland to apply for an initial share of £2m.
- **December 2024:** SSE Airtricity rolled out its first all-Ireland community fund worth €5m.
- **March 2025:** SSE Renewables' community grants award programme reached £100m.

SSE's approach focuses on delivering long-term, sustainable benefits through targeted funding, partnerships and engagement, and is guided by a set of principles, including sharing value, co-creation of funds and maximising impact. In 2024, the principles were updated to ensure they focused on lasting legacy, measurable social impact and helping communities to develop the skills and resources they need to deliver local projects.

1 Figures for 2023/24 have been restated to reflect post year-end adjustments to data.
2 The methodology updates to align to published government multipliers and savings rates where available also had a small impact on the results.

External recognition for SSE's community investment

In 2024, the World Bank Group's Offshore Wind Development Programme published a report, *The Strategic Value of Community Benefits in Offshore Wind Development*, to guide offshore wind developers and governments on delivering meaningful, lasting community benefits. SSE contributed expert insights to the report, drawn from its experience with major offshore projects such as Beatrice and Dogger Bank Wind Farms. SSE was recognised in the report as a best-practice example for its specialist community investment team, robust impact evaluation and strong stakeholder engagement. The report highlighted the social return generated by SSE's Sustainable Development Fund and its effective support for local education and skills.

A narrower definition of community investment has been externally assured for the purposes of sustainable finance. In 2024/25, SSE awarded £13.0m[a] through its voluntary community investment funds. This excludes community investment funds required by regulation or in SSE's regulated businesses.

A 'place-based' approach

As well as informing how SSE supports key social infrastructure, the Company's place-based approach to a just transition helps frame the way it engages with local communities and designs community funds.

For example, SSEN Transmission is adapting substation locations and designs as a direct result of community feedback on its £22bn programme of investment over the five years to 2031, to upgrade the network in the north of Scotland. Meanwhile it has launched its first regional community investment fund, which is based on three core principles – people, place and reducing fuel poverty – that were developed following extensive public consultation in 2023.

In 2024, SSE also established the Viking Community Fund – the largest renewable community fund in the UK, designed to benefit people across Shetland. Guided by local stakeholder engagement, the fund has six priorities, including supporting young people to stay in Shetland, improved transport and housing, and looking after the natural environment.

(a) This data is subject to external independent limited assurance by Ernst & Young Global Limited ('EY'). For the results of that assurance, see EY's assurance report and SSE's Sustainability Reporting Criteria 2025 on sse.com/sustainability.

▼ The SSEN Transmission homes scheme is an industry first

Supporting communities with new homes

Leaving a lasting positive legacy for the communities where it builds major infrastructure is a key part of SSE's stakeholder engagement. In an industry first, SSEN Transmission is supporting the building of more than 1,000 new homes across the north of Scotland to help alleviate the region's housing challenges. This includes around 400 homes in the Highlands and a similar number in Aberdeenshire, with other potential housing activity elsewhere across SSEN Transmission's network area.

The Company is working with councils, registered social landlords and other housing organisations to support the new homes as part of the delivery of upgrades to the transmission network in the north of Scotland in support of energy security and national net zero ambitions.

1,000

new homes to be built across the north of Scotland with SSEN Transmission's support

Protecting and restoring the natural environment

SSE has a long history of working in remote, sensitive landscapes and is committed to minimising its impact. That means lowering carbon emissions, limiting water use, minimising other air emissions and reducing waste. SSE has set nature-related targets to help restore the natural habitats around its operations.

Our nature-related targets

The planet's health and resilience relies on nature and the delicate ecosystems that support biodiversity. And yet, nature is in serious decline. The UK is considered one of the world's most nature-depleted countries with almost one in six species now under threat of extinction. So while SSE is committed to lowering its own environmental impact, it has also set three ambitious, Group-wide nature-related targets to protect biodiversity and native woodland when working on large capital projects onshore in the UK and Ireland. The pace and scale of transformation in the energy system and the size and value of these projects, means that setting these targets is the best way for SSE to make a meaningful difference to nature.

For all UK and Ireland onshore large capital projects, SSE has committed to delivering:

no 'net loss' in biodiversity
on those consented from April 2023 onwards

no 'net loss' of native woodland
on those consented from April 2024 onwards

'net gain' in biodiversity
on those consented from April 2025 onwards

Managing environmental impacts

While greenhouse gas (GHG) emissions represent SSE's most material impact on the environment, its activities also require water – a precious natural resource – and produce waste and other air emissions. There is also a risk that its work can negatively affect the environment through incidents such as oil-related leaks.

SSE follows the principles of the widely recognised 'mitigation hierarchy' to manage its environmental impact, along with a Group-wide Environment Strategy. Aligned to the UN Sustainable Development Goals, the strategy provides a consistent structure for each Business Unit to manage their own environmental impacts and support SSE's Group targets.

Continuing to develop our nature-related disclosures

SSE is committed, over time, to enhancing its nature-related reporting, using the Taskforce on Nature-related Financial Disclosures (TNFD) recommendations as a guide. In 2024, SSE piloted the first two phases of 'LEAP' – 'Locate' and 'Evaluate' – at several assets, and this year expanded that to include 'Assess' and 'Prepare' to draw out SSE's nature-related risks and opportunities at pilot assets. This phase included onshore and offshore wind, hydro, thermal and networks, as well as a more holistic Group-wide view.

Reporting on our impacts

SSE reports performance by impact area: nature-related targets, water use, other air emissions, waste generation, energy consumption along with data on the year's environmental incidents. More information can be found in SSE's Sustainability Report 2025 available at sse.com/sustainability

Progress against our nature-related targets

This year, SSE made good progress against its nature-related targets.

While all 53 of its in-scope large capital projects in the UK and Ireland consented since April 2023 met the target of incorporating 'no net loss' in biodiversity, 47 of them actually exceeded the target by incorporating biodiversity 'net gain' into project design.

SSE met its 'no net loss' of native woodland policy commitment on all in-scope onshore large capital projects consented from April 2024.

SSE's Environment Strategy

Environmental management and governance

Providing a framework for the careful risk management of environmental impacts

Responsible consumption and production

Working towards more sustainable patterns of resource consumption; reducing reliance on non-renewable and single-use products

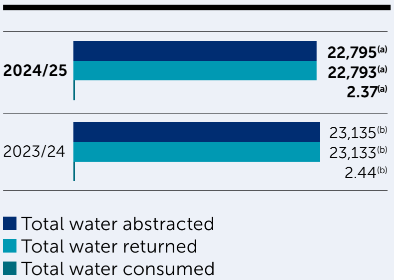
Natural environment

Supporting the conservation, restoration and sustainable use of land and water resources

Managing our water use

SSE relies on a dependable supply of water for generating power in its hydro and thermal power stations, none of which are in water-stressed areas.[1] Water is a shared resource, so must be used carefully and in a way that is sustainable for SSE's business, local communities and ecosystems. This use is guided by specific policies and processes, as well as close collaboration with environmental regulators.

Figure 6: Water performance
(in million cubic metres)

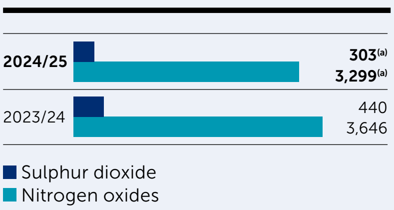


In 2024/25, total water abstracted by SSE slightly decreased to 22,795[a] million m^3 (2023/24: 23,135[b] million m^3). The vast majority (98%) of water abstracted this year was used in SSE's hydro generation operations, and a similar volume of water passed through the hydro plant compared to the previous year. This water is technically recorded as abstracted, but it passes through turbines to generate electricity and is returned to the environment almost immediately, and therefore has minimal environmental impact. SSE's total water abstracted excluding hydro operations decreased by 9% and its water consumed decreased by 3%.

Managing our other air emissions

Nitrogen oxides (NOx) and sulphur dioxide (SO_2) are both significant byproducts of SSE's thermal generation activities. Environmental teams carefully manage these emissions to air, working closely with relevant environmental regulators to meet their strict licence conditions.

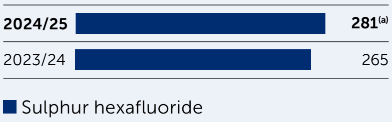
Figure 7: Air emissions performance
(in tonnes)



In 2024/25, emissions of NOx and SO_2 both reduced compared to the previous year. This was predominantly due to a change in operating patterns across generation assets.

Sulphur hexafluoride (SF_6) is vital in the electrical industry for insulation and safety, but it's a powerful greenhouse gas—23,500 times more harmful than CO_2—remaining in the atmosphere for 3,000 years.

Figure 8: SF_6 emissions performance
(in kgs)



In 2024/25, SSE's reported SF_6 emissions rose to 281kg[a] (2023/24: 265kg). Efforts continue to reduce leaks through monitoring, maintenance, asset replacement, and supplier engagement to trial SF_6-free alternatives.

In previous years, SSE would disclose data for particulate matter (PM10) and mercury emissions from thermal generation plant, above a de-minimis threshold of 10 tonnes and 1kg respectively. In 2024/25, no plant produced emissions above those thresholds, and therefore were considered immaterial in terms of impact.

Managing our waste

SSE's operations produce several types of waste, such as metal, cable, wood and general office waste. The Company reports on the solid operational waste it directly manages, but not on waste generated through construction projects and contractor activities.

Guided by the waste hierarchy framework – prevent, reuse, recycle, recover, disposal – to minimise waste, the Company also aims to improve operational efficiency and promote better recycling practices, and works with supply chain partners to do the same. SSE has set two annual waste targets – to divert 95% of waste by volume from landfill and recycle or reuse 55% of waste by volume. SSE exceeded both targets this year, reaching 99% and 71% respectively.

Our energy consumption

Between 2023/24 and 2024/25, the energy SSE purchased for use in its assets (offices, depots, thermal power stations, gas storage facilities, and data centres) increased by 7%. Electricity consumption in SSE's gas storage assets increased by 13% and made up 75% of the total electricity used from renewable sources. Energy consumed in SSE's offices, depots and data centres reduced by 6% this year, reflecting efficiency measures being put in place.

In 2024/25, around 48% of the electricity that SSE purchased for its assets (offices, depots, thermal power stations, gas storage facilities, and data centres) was from renewable sources, consistent from the previous year. Within this SSE purchased 100% of its electricity for use in its directly managed offices from renewable sources, backed by renewable guarantees.

SSE is a member of the Climate Group's EP100 initiative to encourage businesses to double energy productivity associated with office and depot buildings by 2030 from a 2011 base year.

Environmental incident performance

To ensure effective environmental management, SSE operates an environmental management system which sets controls, processes and procedures. All of SSE's businesses are certified to ISO 14001:2015.

While SSE's processes are designed to reduce the risk of environmental incidents happening, sometimes they do occur. For example oil loss from transformers, effluent or silt releases. This year, environmental incidents have decreased to 115 (2023/24: 143). There were no major incidents, and most incidents were minor. There was a 32% drop in serious incidents to 27 (2023/24: 40). The number of environmental permit / licence breaches significantly decreased to nine (2023/24: 19).

Table 3: Energy use* (in GWh):

		2024/25	2023/24
Purchased heat from non-renewable sources	UK/Ire	4.8/0.06	4.8/0.06
Purchased electricity from renewable sources	UK/Ire	103.5/0.9	96.1/0.9
Purchased electricity from non-renewable sources	UK/Ire	112.1/0	105.3/0

* This table, in combination with the carbon performance information in Table 2 on page 79, represents SSE's disclosures in line with the UK Government Streamlined Energy and Carbon Reporting requirements.

1 As defined by the relevant environmental regulators in the jurisdictions where SSE's assets are located.
(a) This data is subject to external independent limited assurance by Ernst & Young Global Limited ('EY'). For the results of that assurance, see EY's assurance report and SSE's Sustainability Reporting Criteria 2025 on sse.com/sustainability.
(b) This data was previously reported in the SSE plc Annual Report 2024 where it was subject to external independent limited assurance by PricewaterhouseCoopers LLP ('PwC'). For the results of that assurance, see PwC's assurance report and SSE's GHG and Environmental Reporting Criteria 2024 on sse.com/sustainability.

Risk

Managing risk in a changing environment

SSE is well placed to manage the impacts of the complexity the energy market has seen this year. Our balanced portfolio of renewables, electricity networks and system flexibility allows us to adapt to changing markets while maintaining long-term stakeholder value.

Robust risk management enables an efficient approach to decision making that can adapt to suit the changing nature of the sector and the operating environment. At the core of SSE's risk management is a strong culture. Everyone in the Company is empowered to make considered decisions when realising opportunities or minimising risk exposures. For more about SSE's risk management framework, see pages 62 to 63.

Assessing principal risks

The current operating environment has seen SSE face more challenges this year with many factors outside its direct control. For more about this, see the Energy Market Review on pages 4 and 5. As SSE's principal risks are highly interconnected, multiple external factors have the potential to affect several risks at once.

The direction of UK policy has been high on the agenda of SSE's risk oversight committees in determining the pace of transition to meet clean energy ambitions. This has a potential impact on energy markets, timescales for large capital projects or investments, which in turn is linked to supply chain availability. The committees also considered SSE's preparedness to manage these factors.

To reflect this, the Group Executive Committee and related sub-committees have increased the materiality of four of SSE's 12 principal risks (see page 64).

Responding to a fast-changing market

SSE is in a strong position with its balanced mix of businesses and capital investment plans to proactively manage market changes and meet its ambitious growth targets. To continue to capitalise on its opportunities SSE responds quickly to the market and deploys resources effectively. To ensure clarity, the Speed of Change risk has been redefined to more clearly articulate that SSE must be able to respond with agility to increasingly technology-dominated energy markets. SSE has undertaken an operating model and efficiency review of its operations and taken measures to ensure it continues to operate in the most cost-effective way possible. This will set the Company up well for the next phase of growth.

Responding to political and regulatory change and supply chain disruption

The UK Government's Review of Electricity Market Arrangements (REMA), more specifically decisions on zonal pricing, is due to complete mid 2025. Throughout the year, SSE maintained that zonal pricing would deter investment and be unfair to customers, and that the constraints on the energy system it sought to address would be remedied by extensive efforts already under way to rewire the grid.

The UK Government Clean Power Plan is welcome and SSE is well aligned with the direction of UK policies. The UK Government has announced plans to streamline planning and consenting timelines, while clarity is still needed on policy related to low-carbon technologies to enable the future energy system. This year, policy implementation and subsequent planning delays have been the subject of discussion for oversight committees across multiple risks. This has been a driving factor behind increasing the materiality of the Large Capital Projects (LCP) Management risk as SSE looks for clarity for its project pipelines.

Securing suitable supply chains also remains paramount to enable SSE to transition to clean power. Inflation, cost pressures and a shift in supplier commercial risk appetite due to higher industry demand are reasons why Supply Chain also remains one of SSE's top risks.

> "At SSE, we manage our risks to make sure we continue to protect our stakeholder value. Doing so also allows us to explore the promising opportunities available to us as we transition to a clean, affordable and secure energy system."
>
> **Barry O'Regan**
> Chief Financial Officer
> and Chair of Group Risk Committee

Responding to the geopolitical environment and climate change

Although SSE's level of Portfolio Exposure risk didn't materially change during the year, ongoing global conflicts continue to affect commodity prices, though they were less volatile than in 2023/24. An increase in exposure to weather events also impacts this risk. SSE's control environment has adapted to manage these fluctuations and explore alternative value opportunities.

Sustaining the right culture

SSE's people and culture are central to enabling its growth. Maintaining the core values and culture that underpin SSE is critical when expanding the workforce in any of the businesses. The appointment of Martin Pibworth as incoming Chief Executive will mean a short-term adjustment for the Group following an 12-year tenure for the current Chief Executive, Alistair Phillips-Davies. Embedding the measures from the operating model and efficiency review means SSE will be well placed to realise future opportunities. Reflecting this, the People and Culture risk has increased slightly.

Weighing the risks and opportunities of digitisation

Cyber Security and Resilience remains one of SSE's top risks due to the continued malicious cyber threat. While modernising IT was a priority in previous years, continued digitisation of the business brings a shift in risk exposures. The global move to cloud-based services requires a different approach to manage the risk. Digitising the business also brings opportunities. Embracing technology (including AI) will create opportunities for workforce efficiencies in the short term. Medium- to long-term opportunities will depend on what technology advances and legislation allow.

Understanding emerging risks

One of the most important items on the horizon for SSE will be understanding the application of the REMA outcome and its implications. The pace of the energy transition was also a factor considered as part of the longer-term future risk discussions. SSE continues to monitor long-term changing energy demand profiles so it can adapt to future market opportunities. No new emerging Principal Risks have been identified this year.

How we manage risk

At the heart of SSE's risk management framework is a strong risk culture. Everyone at SSE is responsible for managing risk.

The overarching risk management framework gives Business Units the ability to manage risk exposures against their individual strategic objectives and operations. It also enables SSE to maintain a holistic view of the Group risk profile and manage it appropriately.

The risk management framework is part of SSE's system of internal control (for more details, see page 119) and sets the standard for how risks are managed across the Group. The framework provides a consistent approach embedded in each of the Business Units and Corporate functions.

Risk management at SSE follows a four-stage process:

- Identify potential risks that could threaten the Group and/or Business Unit in achieving their objectives.
- Assess risks by analysing and evaluating each one. The likelihood and impact of the risk occurring is considered against financial and non-financial criteria, both before and after applying mitigations.
- Respond by deciding on the most appropriate risk treatment plans, making sure the relevant processes and controls are in place to manage the risks.
- Monitor the risks through ongoing evaluations and frequent reporting through the Group Governance Framework.

The table overleaf shows in more detail how this applies for the principal risks.

Assessing Principal Risks

It's vital for SSE to continue to evolve the risk management framework. This year, a change to the method for assessing the Principal Risks enabled more risk-based discussions across the oversight committees and senior management. This involved dedicated risk workshops and one-to-one stakeholder interviews. While our Principal Risks themselves have not changed, this collaborative way of working led to more valuable input and diversity of thought, and to an improved, holistic output. The Board-approved outcome of the principal risk assessment is on pages 64 to 69.

Identifying emerging risks

To maintain a dynamic risk profile, emerging risks are considered continuously in response to changes in the operating environment or events that could affect SSE. Teams consider emerging risks which have the potential to become principal risks in the medium to long term. Common themes that emerge are presented as part of the assessment of the Group principal risks. Complementing this, in 2024 a horizon scanning exercise enabled a more forward-looking view of risk trends and an assessment of their potential impact, both positive and negative, on SSE's strategy. While the horizon scanning exercise provided insight, no new emerging principal risks were identified this year.

Climate-related risks and opportunities

A climate assessment, in line with the Task Force on Climate-related Financial Disclosures (TCFD) framework, identifies and assesses climate-related opportunities and risks relevant to SSE. For details of the process, see the table overleaf. This year, the assessment resulted in a minor update to the material climate-related opportunities and risks (see pages 75 to 78) relevant to SSE.

Maturing risk management

A newly adopted enterprise risk management framework is expected to provide rich information and expand SSE's holistic oversight as the year progresses. Embedding this further is a priority for 2025/26.

Work to articulate the Group's risk appetite more clearly continues. This will help to further embed and mature the management of both risks and opportunities. Engagement with the Board, Group Executive Committees and Group Risk Committee will continue over the coming year.

The updated Corporate Governance Code comes into effect after 1 January 2025, apart from Provision 29, which comes into effect in 2026. Provision 29 requires a formal declaration by the Directors that the Group has appropriate systems to monitor and review the effectiveness of internal controls and risk management frameworks, alongside confirming the effectiveness of material controls.

This change will only apply to SSE's financial year 2026/27. To begin preparing for this, the principal risk assessment process was updated, implementing improvements to the internal controls governance framework. This will begin to align SSE with the latest Code amendments, reinforcing its commitment to transparent corporate reporting. Details of each principal risk and key mitigations for this year are on pages 65 to 69.

Risk Appetite Statement

The Group's risk appetite is aligned with achieving SSE's strategic objectives. SSE will only accept risk where it can be managed effectively, and where it's well understood and consistent with SSE's purpose, strategy and values. Risk should also be in line with stakeholders' expectations, as well as offering commensurate reward.

The basis for setting the risk appetite is that SSE has:

- a clear strategy to create value for shareholders and society in a sustainable way. This consists of developing, building, operating and investing in the electricity infrastructure and businesses needed in the transition to net zero.
- a good understanding of the risks and opportunities in the Great Britain and Ireland energy markets and, through its acquisitions, extensive knowledge of European and other international markets. SSE scrutinises any opportunity to expand into new international markets to make sure it's consistent with the Group's values and strategic goals.
- no appetite for risks that could undermine safety or security, including cyber security. In areas where SSE is exposed to risks for which it has little or no appetite, the nature of these risks means even the most effective controls and mitigations won't eliminate them completely.

Three principles guide the Board in deciding its appetite for specific risks:

1. Risks should be consistent with SSE's core purpose, financial objectives, strategy and values.
2. Risks are only acceptable if SSE can achieve the right reward, based on objective evidence, and in a way that's consistent with SSE's purpose, strategy and values.
3. Risks should be controlled and monitored by allocating the right level of management and other resources, and maintaining a healthy business culture.

The Board sets the tone for determining the nature and extent of the risk it's willing to take to achieve strategic objectives, and for making sure risks are managed effectively across the Group.

▼ Planning delays on transmission and other projects have been a key factor in increasing the materiality of Large Capital Projects Management risk

Risk management process

Stage	Principal Risk assessment	Climate-related risk and opportunities
Identify	SSE considers risks over three time horizons: 1, 3 and 10 years. Bottom-up risk data from Business Units is combined with top-down analysis from oversight forums which considers both risks and opportunities. This analysis is then complemented by relevant external information.	A specialist TCFD climate assessment identifies risks and opportunities over the short (to 2035), medium (to 2050) and long term (to 2080). This involves senior business leader interviews, Business Unit risk assessments and a materiality test to capture climate-related opportunities and risks.
Assess	For each principal risk, risk workshops and interviews provide a forum to discuss the risk environment, ultimately informing updated risk assessments for approval. The committee members and subject matter experts provide commentary on: – the adequacy of the risk description; – contextual changes to the risks; – whether the risks have increased or decreased in materiality during the year; and, – the adequacy of the control environment. The outputs of these risk discussions are then collated into assessment reports and presented back to each oversight forum.	SSE assesses the climate impact on its operations over the: – short and medium term from the perspective of market, policy or regulatory transition opportunities and risks; and, – over the medium and long term from the perspective of the physical risks of climate change. Materiality is tested for each climate-related opportunity or risk, based on its: – ability to have a substantive potential financial impact on SSE's strategy; or, – its significant impact on SSE's stakeholders.
Respond	Following completion of the assessment activities the oversight forums confirm: – the risk trend (more, less or equally material); – overall effectiveness of the risk control and monitoring environment; and, – whether further actions are required to improve the control environment. The Group Executive Committee approves the assessments, with final endorsement from the Board.	Critical controls are in place to manage risk including climate-related risk, these include: – business continuity plans; – crisis management and incident response, large capital project governance; and, – internal and external assurance. The climate-related opportunities and risks (pages 75 to 78), combined with SSE's Sustainability Report 2025 and CDP Climate Change response, provides further information on these actions and controls.
Monitor	Risks are reviewed quarterly within the Business Units and Corporate functions, with clear pathways in place for escalation. The Group Risk Committee receive regular bottom-up risk reporting information and frequently reviews and monitors the Group Principal Risks ensuring appropriate actions are taken to manage changes in risk exposures.	Climate Change is a Group Principal Risk to SSE and has the ability to affect the achievement of its strategic objectives and long-term success (see page 65). Scenarios related to the physical risks associated with climate change form part of SSE's viability assessment (page 82). Climate-related key developments are also considered against all relevant Group Principal Risks.

Group Principal Risks

A robust review process involving collaboration across risk workshops and interviews has led to an improved holistic assessment of this year's Principal Risks.

This year, four Principal Risks have increased in materiality. The **Speed of Change** risk has been redefined and has increased in materiality. The business acknowledges that the Group will need to respond with agility as the pace of the net zero transition becomes clearer. The business's unique market position, with its balanced portfolio, remains a strength here.

A higher **Large Capital Projects Management** risk exposure reflects the increased external variables that could affect the risk this year. These include accessibility of the supply chain when an opportunity appears, and the long lead times for planning and consenting. The **People and Culture** risk has also increased slightly this year. A key reason is SSE's change of Chief Executive, though the business expects that after a short-term adjustment this will quickly become an opportunity.

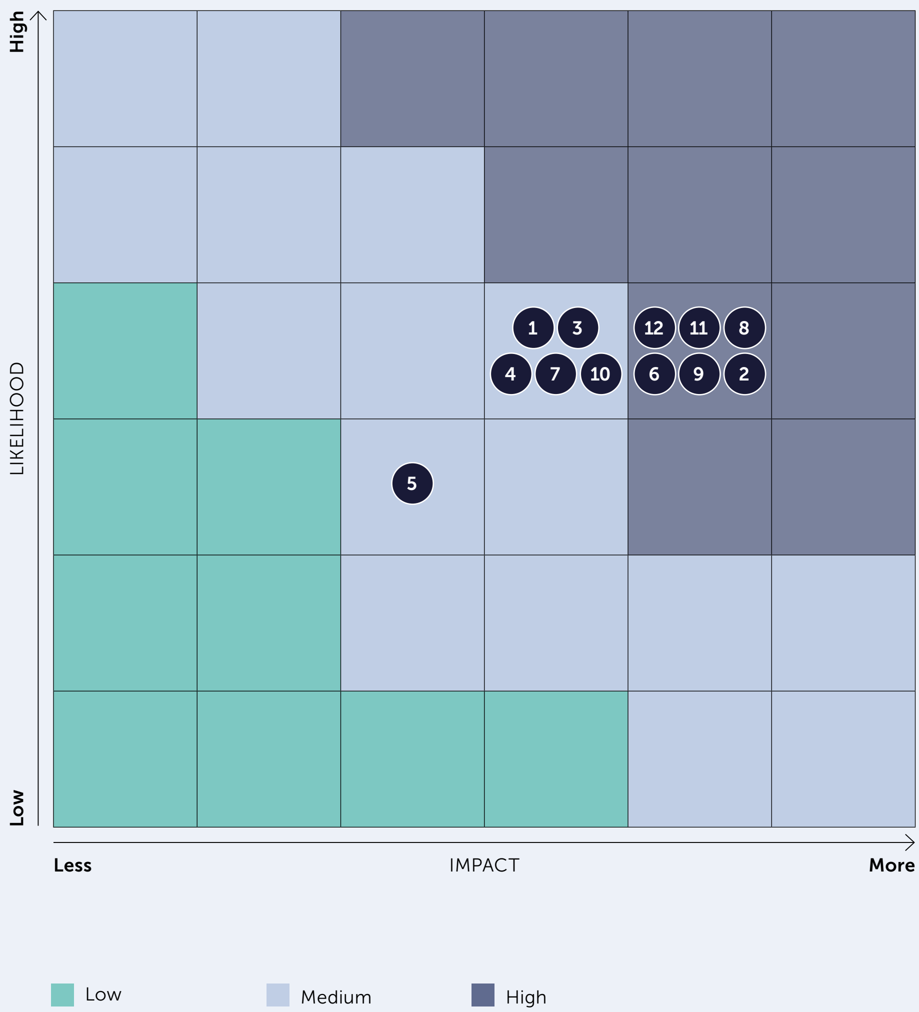
After the large number of elections globally in 2024, the context of the **Political and Regulatory Change** risk has changed. While policy change is one driving factor, decisions are due this year on REMA, and more specifically zonal pricing, which may have implications for SSE's Business Units. SSE looks forward to a more stable investment environment once REMA's market reforms provide clarity on the future energy pricing model.

As highlighted in the Energy Market Review on pages 4 to 5, SSE is at the heart of the energy transition in addressing climate change. This year, the **Climate Change** risk description has been redefined to better reflect the Group's exposure and the evolving policy to support the transition to clean energy. SSE is well aligned with the direction of UK policies and therefore the risk has not materially changed. Closely linked is the **Energy Affordability** Principal Risk. While consumers need protection from fluctuating energy prices in the short term, in the long term, accelerating affordable, clean and reliable energy will likely remain a key concern for governments and households.

The Principal Risks are mapped below providing insight to the relative impacts and likelihoods of each. For detail of SSE's Principal Risks including the developments throughout this year that have driven risk materiality and their key mitigations see pages 65 to 69.

Principal Risks

1. Climate Change
2. Cyber Security and Resilience
3. Energy Affordability
4. Energy Infrastructure Failure
5. Financial Liabilities
6. Large Capital Projects Management
7. People and Culture
8. Political and Regulatory Change
9. Portfolio Exposure
10. Safety and the Environment
11. Speed of Change
12. Supply Chain



Risk trend key

- Increased in materiality
- Not changed significantly
- Reduced in materiality

Climate Change

Oversight: Group Executive Committee

The risk that SSE's strategy is misaligned to national and international decarbonisation pathways and is insufficiently resilient to a climate-changed world.

Developments this year

The risk description has been updated to better reflect the Group's exposure and the evolving policy to support the transition to clean energy. SSE is well aligned with the direction of UK policies, therefore the risk has not changed materially. Other developments include:

- UK Labour Government is committed to decarbonising the power system with the Clean Power Plan 2030.
- Policy implementation timelines require further clarity.
- Frequent extreme weather events including named storms and dunkelflaute days (with minimal wind or sunshine).
- Continued advocacy for a policy environment encouraging investment in low-carbon generation.
- NZAP Plus five-year investment plan to 2027 investing around £17.5bn in renewables, electricity networks and system flexibility.

For more about our climate opportunity and risk management, see pages 75 to 78

Key mitigations

- Leadership, governance and oversight through multiple forums including Safety, Sustainability, Health and Environment Advisory Committee (SSHEAC) and the Group Executive Committee (GEC).
- Group Climate Change policy and Group Sustainability policy. For details of all SSE policies, see sse.com.
- Monitoring of NZAP Plus targets and UN Sustainable Development Goals (UNSDG) impacts.
- Lobbying and stakeholder engagement.
- External reporting around compliance with submissions such as sustainability reporting and TCFD.
- Large Capital Projects Framework.

Cyber Security and Resilience

Oversight: Group Risk Committee

The risk that key infrastructure, networks or core systems are compromised or are otherwise rendered unavailable.

Developments this year

This risk remains one of the most material, due to the continued threat of malicious cyber-attack, stemming primarily from ongoing geopolitical conflicts. The level of risk exposure remains unchanged however, as the control environment is keeping pace with the external threat. Other developments include:

- Geopolitical unrest resulting in continued heightened threat level.
- Ongoing significant longer-term Security Programme investment to strengthen the resilience of SSE systems.
- Continued modernisation of the IT estate.
- Increased third party reliance and enhancing controls to manage this.
- Increasing the awareness of the risk among teams to strengthen our cyber-secure culture.

Key mitigations

- Group Cyber Security Policy and Group Data and Information Management Policy.
- Incorporating key technology and infrastructure risks into system design.
- Regular internal and third party testing of information security and operational technology networks and systems.
- Continued strengthening and embedding of the cyber risks and controls framework to identify threats and reduce exposures.
- Service level agreements for business-critical IT services.
- Reviewing and testing business continuity plans in response to changes in the threat to the Group.

Energy Affordability

Oversight: Group Executive Committee

The risk that energy customers' ability to meet the costs of providing energy, or their ability to access energy services, is limited, giving rise to negative political or regulatory intervention that has an impact on SSE's regulated networks and energy businesses.

Developments this year

The risk remains unchanged although a shift in risk context considers consumer energy costs associated with the transition to the future energy system and increased cost of living. Other developments include:

- Continued pressure on consumers from high interest rates and inflation.
- Consumer energy costs and value for money modelled in SSEN Transmission's business plan for the RIIO-T3 period.
- The UK Labour Government's Clean Power plan includes a pledge to bring bills down by £300.
- Removal of the Winter Fuel Payment.

Key mitigations

- Affordability schemes to support financially vulnerable customers.
- Engaging with governments, regulators, customers and relevant counterparties.
- Regular review of aged debt and bad debt management.
- Long-term price forecasting.
- Operational processes for pricing, billing and collections.
- Adopting and implementing government support mechanisms across multiple jurisdictions.

Risk trend key: Increased in materiality | Not changed significantly | Reduced in materiality

Group Principal Risks continued

Energy Infrastructure Failure

Oversight: Group Executive Committee

The risk of national energy infrastructure failure, whether in respect of assets owned by SSE or those owned by others which SSE relies on, that prevents the Group from meeting its obligations.

Developments this year

While this risk has not materially changed this year there has been an increase in the threat of malicious physical damage linked to ongoing geopolitical conflicts. The control environment is keeping pace with the increase in risk exposure. Other developments include:

- Continuing geopolitical unrest potentially leading to global security threats, cyber threats and supply chain challenges.
- Continued strategic investment to ensure capacity and resilience in the energy system.
- Strong, regular engagement with the public during weather-related events.
- Increasingly volatile weather affecting asset maintenance regimes.
- Advancing technology such as artificial intelligence and machine learning.
- Improving cyber controls in line with regulatory compliance.
- Responding to a number of named storms including Storm Éowyn.

Key mitigations

- Asset management policies and frameworks.
- Engineering Centres of Excellence review and develop plans to ensure the ongoing integrity of generation assets including crisis management and business continuity plans.
- Capital investment plans to ensure the ongoing health and integrity of network assets.
- Stakeholder engagement strategies.
- Dedicated cyber security programmes.
- Maintaining physical security of critical national infrastructure and key assets.

Financial Liabilities

Oversight: Group Risk Committee

The risk that funding is not available to meet SSE's financial liabilities, including those relating to its defined benefit pension schemes, as these fall due under both normal and stressed conditions without incurring unacceptable costs or risking damage to its reputation.

Developments this year

The risk remains unchanged, as the nature of SSE's portfolio and an adapted control environment has mitigated the impacts from an increase in macroeconomic volatility. Other developments include:

- Short-and longer-term funding supported by existing facilities and forecasts.
- Refinancing of the committed facility, extended to 2029 to support financing of growth.
- Reduction in UK interest rate.
- Continuation of strong ESG credentials.
- Geopolitical developments and commodity price volatility attributed to foreign policy and continued global conflicts.
- Increase in gilt rates following autumn Budget increasing UK borrowing costs.

Key mitigations

- Financial management policies and frameworks.
- Regular oversight and governance through Board and committees.
- Committed borrowings and facilities always available, equal to at least 105% of forecast borrowings over a rolling six-month period.
- Approval of all material counterparty credit limits is a matter reserved for the Board.
- Detailed and continuous financial modelling and forecasting on a Group and Business Unit basis.
- A Board of Trustees for each of SSE's defined benefit pension schemes, acting independently of the Group.

Large Capital Projects Management

Oversight: Large Capital Projects Committee

The risk that SSE develops and builds major assets that do not realise intended benefits or meet the quality standards required to support long-term sustainable economic lives within forecast timescales and budgets.

Developments this year

The risk's materiality has increased, driven by the overall size and growing complexity of the Large Capital Projects portfolio, the inclusion of new technologies and international expansion. This is compounded by the impacts of continued supply chain constraints and slower-than-anticipated planning and consenting decisions. Other developments include:

- SSE opened its 443MW Viking wind farm on the Shetland Islands, which is capable of powering nearly 500,000 homes annually.
- SSE's first onshore wind farm in mainland Europe is now fully operational at Chaintrix-Bierges and Vélye in north-east France.
- The opening of SSE's Dogger Bank A offshore wind project has been subject to delays at the installation stage but will open later in 2025 without material impact on returns.
- Unpredictable planning and consenting decisions causing delays and cost implications for both grid connection and non-regulated projects.
- Increases in project costs due to inflationary pressures.

Key mitigations

- Large Capital Projects Governance Framework to govern, develop, approve and execute major capital investment projects consistently and effectively.
- In-depth quality reviews by Large Capital Project quality and assurance teams.
- Ongoing interaction with key suppliers through SSE's supplier relationship management programme.
- SSE generally manages insurance placement by organising owner-controlled insurance for major projects, allowing greater control over, and flexibility of, the provisions in place.
- Appropriate governance arrangements, including those for joint venture (JV) and partner management.

Risk trend key: ▲ Increased in materiality ■ Not changed significantly ▼ Reduced in materiality

People and Culture

Oversight: Group Executive Committee

The risk that SSE is unable to attract, develop and retain an appropriately skilled, diverse and responsible workforce to deliver strategic objectives, and maintain a healthy business culture which encourages and supports SSE values and doing the right thing.

Developments this year

The risk description has been updated to reflect the ongoing significance of SSE's values and commitment to doing the right thing. The risk's materiality has increased slightly, reflecting potential short-term disruption from a change of Chief Executive. Other developments include:

- The Group has undertaken an operating model and efficiency review to ensure that SSE has the right structures, resourcing and accountabilities to maximise the enormous growth opportunities that decarbonisation offers.
- Ongoing reviews to understand whether onboarding new recruits is consistent and not negatively affecting culture.
- Ongoing technological changes, such as the introduction of AI, and the impact on ways of working.
- Positive employee engagement results (see page 54).
- Continuing international expansion and integration with SSE workforce and culture.

Key mitigations

- Employment Policy and Whistleblowing Policy.
- Inclusion and Diversity plan, see page 55.
- SSE governance arrangements, including those relating to JV and partner management.
- 'Doing the right thing, SSE's guide to good business ethics', outlines steps for employees to make sure their day-to-day actions and decisions are consistent with SSE's values and ethical business principles.
- Internal and external mechanisms, including the independent Speak Up service, for employees to report wrongdoing.
- Regular succession planning reviews by SSE's business leaders.
- Continued development of the Group's approach to managing talent.
- Performance Edge, an evolved approach to leading and managing performance.
- £41.0m total investment in training and development.

Political and Regulatory Change

Oversight: Group Executive Committee

The risk associated with operating in a fast-paced, highly regulated environment which is subject to constantly changing political, regulatory and legislative expectations and interventions.

Developments this year

Materiality increased slightly as the risk context changed significantly following the a large number of elections globally in 2024. Slower-than-anticipated UK policy implementation and a high degree of uncertainty relating to REMA (specifically, zonal pricing) also contributed to this risk increase. Other developments include:

- The introduction of the National Energy System Operator (NESO) and the UK Government review of Ofgem.
- Clean Power 2030 brought forward the target for a clean power system.
- New coalition Government in Ireland with extensive plans for the energy sector including reforming the Commission for Regulation of Utilities (CRU).
- New Transmission Constraint Licence Condition guidance from Ofgem.
- SSE's international exposure, such as Netherlands and Spanish assets, increasing the breadth of risk.
- Ongoing conflicts in Europe and the Middle East.

Key mitigations

- Political and Regulatory Engagement Policy.
- Advice, guidance and assurance for business areas from Corporate Affairs, Regulation, Legal and Compliance teams on interpreting political, regulatory and legislative change.
- Engagement with regulators, politicians, officials and other stakeholders, led by the Corporate Affairs and Regulation teams. For details of SSE's Stakeholder Engagement, see pages 8 and 9.
- SSE Governance arrangements including regular engagement with the Board and Group Executive Committee on political and regulatory developments which may affect SSE's operations or strategy.
- Change management processes to manage all aspects of significant regulatory and legislative change.

Risk trend key: Increased in materiality | Not changed significantly | Reduced in materiality

Group Principal Risks continued

Portfolio Exposure

Oversight: Group Risk Committee

The risk to the Group's portfolio value associated with fluctuations in both the price and physical liquidity of key energy market indices or drivers – primarily gas, carbon and electricity.

Developments this year

This has not changed significantly during the year. Amendments to the control environment have enabled SSE to keep pace with the inherent exposures, including continued volatility caused by geopolitical events. Other developments include:

- Increased exposure to weather events (for example, higher numbers of dunkelflaute days impacting consistency of Renewables output).
- Exploration of new market value opportunities.
- Continued uncertainty around REMA, specifically zonal pricing.
- Continued geopolitical unrest causing fluctuations in commodity prices.

Key mitigations

- Operational oversight of commodity positions by the Group Energy Markets Exposure Risk Committee (GEMRC), and monitoring Group hedging arrangements by the Board Energy Markets Risk Committee (EMRC). For more details see page 120.
- Trading controls including VaR and PaR measures to monitor and control exposures. Trading limits are reviewed regularly by the Energy Markets Risk Committee and approved by the Board.
- Asset-by-asset approach to hedging strategy so that trading positions don't have a material impact on Group earnings.
- Energy Markets can maximise and mitigate risks across the Group through leveraging the portfolio of Business Units.
- Using hedging instruments to minimise exposure to fluctuations in foreign exchange markets. For details see Financial Statements page 161.
- Commodity price forecasting from SSE's Energy Economics team to inform decisions on trading strategy and asset investment.

Safety and the Environment

Oversight: Safety, Health & Environment Committee

The risk of harm to people, property or the environment from SSE's operations.

Developments this year

Safety is SSE's number one core value. While this risk has not materially changed, SSE continues to adapt its control environment to keep pace with inherent exposures. An increase in competition for preferred contractors and the high pace of change underline the importance of SSE's strong safety culture.
Other developments include:

- Total Recordable Injury Rate (TRIR) among direct employees of 0.11.
- The immersive safety training experience has been has been very successful since its launch with over 8,750 colleagues and around 1,170 contract partners having taken part so far.
- More volatile and extreme weather, such as the risk of wildfires and an increase in named storms, affected sites and working conditions.
- Increased awareness of health and wellbeing issues.
- Increase in marine-based activity.

Key mitigations

- Group Safety and Health Policy and Group Environment Policy.
- Safety, Health and Environment (SHE) management standards and frameworks.
- Safety is the Group's number one value, with Board oversight provided by the SSHEAC.
- Regular SHE assurance reviews by each business of risks, controls and monitoring.
- Regular testing of Group crisis management and business continuity plans to manage and recover from significant safety and environmental events.

Risk trend key: ▲ Increased in materiality ■ Not changed significantly ▼ Reduced in materiality

Speed of Change

Oversight: Group Executive Committee

The risk that SSE is not able to respond with agility to the evolving systems and energy markets within which it operates, in a fast-paced, ever-growing technological world.

Developments this year

The risk description has been revised to better reflect SSE's exposures in its current operating environment. The materiality of this risk has increased because of factors including the rate of policy implementation and changes to the macroeconomic environment. The Group responds to manage the impacts of changes in the operating environment at pace, as required. Other developments include:

- The Group has undertaken an operating model and efficiency review to ensure that SSE has the right structures, resourcing and accountabilities to ensure it is well placed for the next phase of growth.
- SSEN Transmission set out a blueprint to deliver at least £22bn of critical grid infrastructure in the five years to 2031 For more details see pages 35 to 36.
- Implementing a new customer billing system in the Energy Customer Solutions Business Unit.
- Evolving digitisation of the SSE IT estate including more use of AI and emerging technologies.
- SSE and Siemens partnership to accelerate hydrogen power.

Key mitigations

- Group Operating Model Policy setting out how SSE's business strategy is executed through the accountabilities of the Board, Executive, corporate centre, Business Units and supporting governance model.
- The Board ensures alignment of risk appetite and strategic objectives by regularly reviewing the Group's commercial strategy, business development initiatives and long-term options.
- The Group Executive Committee is responsible for making sure that Business Unit strategies are consistent and compatible with the overarching Group strategy and its vision to be a leading energy company in a net zero world.
- Continued investment in technology advancements to build SSE's ability to make proactive decisions in response to rapid change.
- Regular analysis of the energy sector, current market and opportunities to anticipate potential change affecting SSE.

Supply Chain

Oversight: Group Risk Committee

The risk that SSE is unable to secure a viable, competent and sustainable supply chain to meet the growth required to deliver the strategy and NZAP Plus programme.

Developments this year

While the context of this risk has evolved during the year, there has been no increase in materiality. Securing supply chains remains a priority where demand is high for resource and materials across the sector. Other developments include:

- The UK Government's Clean Power Plan 2030 looks to maximise opportunities for clean energy supply chains.
- SSE is managing the effects of delays in planning and consenting to minimise potential disruption to supply chain placement.
- Increasing international activities including Southern Europe, Japan and the Netherlands.
- Ongoing conflicts in Europe and the Middle East continue to constrain supply chains.

Key mitigations

- Group Procurement Policy sets out to maximise value throughout project lifecycles, and competitively and ethically procure goods, works and services as appropriate.
- Strategic supplier relationship management tailored for each Business Unit.
- Robust commercial terms in place and ongoing contract management.
- Procurement and Commercial teams ensure effective demand management via dedicated business partners.
- Third party due diligence.
- Category management surveillance of markets and environments to anticipate and develop proactive response to constraints.
- Large Capital Projects Framework.

Risk trend key: Increased in materiality | Not changed significantly | Reduced in materiality

Disclosure statements

Climate-related financial disclosures

An integrated approach to disclosures

This statement summarises how SSE fulfils its requirements under relevant mandatory climate-related financial disclosures. SSE is at the heart of the energy transition and its business strategy is tackling climate change head-on, by focusing on building a clean energy system. The consideration of climate-related opportunities and risks is, therefore, naturally embedded into its policies and practices. Considering this, SSE has integrated its climate-related disclosures throughout this Annual Report providing a holistic understanding of how climate-related impacts are managed.

Mandated climate-related financial disclosures in the UK

SSE is compliant with the Financial Conduct Authority (FCA) listing rule LR 6.6.6 R(8)(a). This requires organisations to report against the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, recommended disclosures and the Annex and guidance (published 2021) in annual reports. These disclosures also satisfy UK Mandatory Climate-related Financial Disclosure requirements under the Companies Act 2006 sections 414CA and 414CB.

Climate change has been considered in preparing the Group's consolidated financial statements for the year ended 31 March 2025 on pages 169 to 262. Further information has been included in note 4.1(v) 'Impact of climate change and the transition to net zero – financial judgement and estimation uncertainty' on pages 177 to 178.

Navigating SSE's climate-related disclosures

TCFD recommendations	SSE's summary position	Additional information
Governance		
a) Describe the Board's oversight of climate-related risks and opportunities	Responding to the challenge of climate change is central to SSE's strategy and, as a result, the SSE Board considers climate change as it establishes SSE's purpose, vision and strategy.	**Governance** – Governance of climate-related matters page 93 – More on climate-related work in the year page 93
b) Describe management's role in assessing and managing climate-related risks and opportunities.	There are clearly defined climate-related responsibilities assigned to SSE committees and key individuals, including the Chief Executive and Chief Sustainability Officer.	**Governance** – Governance of climate-related matters page 93 – More on climate-related work in the year page 93 **Strategic Report** – How we govern sustainability page 44
Strategy		
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Opportunities relate to the role that SSEN Transmission, SSEN Distribution, SSE Renewables and SSE Thermal play in supporting the transition to net zero. Material risks are associated with the physical impacts of extreme or changing weather conditions on renewable and network operations, alongside transition risk related to renewable wholesale prices. SSE assesses the risks and opportunities over time horizons to 2035, 2050 and 2080.	**Disclosure statement** – Assessing SSE's climate-related opportunities and risks pages 73 to 74 – Detailed climate-related opportunities and risks tables pages 75 to 78
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	SSE's net zero ambitions place climate action front and centre of its strategy. SSE's climate-related risks and opportunities are directly linked to its business goals and capital plans.	**Strategic Report** – Our strategy, investment plan, 2030 Goals and business model pages 6 to 7 – Performance against 2030 Goals page 45 **Disclosure statement** – Assessing SSE's climate-related opportunities and risks pages 73 to 74 – Detailed climate-related opportunities and risks tables pages 75 to 78 – EU Taxonomy assessment page 80 **Financial review** – Note 4.1(v) Impact of climate change and the transition to net zero – financial judgement and estimation uncertainty pages 177 to 178
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	SSE has undertaken scenario analysis to assess the resilience of its strategy and financial plans under a range of climate-related scenarios, including a 1.5°C, 2.5°C and 4°C temperature pathway.	**Disclosure statement** – SSE's approach to climate scenario analysis page 73 – Detailed climate-related opportunities and risks tables pages 75 to 78 – Viability statement page 82

Climate-related financial disclosures continued

TCFD recommendations	SSE's summary position	Additional information
Risk management		
a) Describe the organisation's processes for identifying and assessing climate-related risks.	To identify and assess climate-related opportunities and risks, SSE conducts a specialist TCFD assessment that complements its Group Risk Management Framework.	**Strategic Report** – Summary of SSE's key climate-related opportunities and risks page 48 – Climate-related risks and opportunities page 62 – Risk management process page 63 **Governance** – Governance of climate-related matters page 93 **Disclosure statement** – Assessing SSE's climate-related opportunities and risks pages 73 to 74
b) Describe the organisation's processes for managing climate-related risks.	SSE's system of internal control defines the policy, standards and governance for the management of all risks, including those relating to climate.	**Strategic Report** – How we manage risk page 62 – System of internal control page 125 **Disclosure statement** – Assessing SSE's climate-related opportunities and risks pages 75 to 78 **Governance** – Governance of climate-related matters page 93
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Climate change is a Group Principal Risk. Scenarios on physical climate risks form part of SSE's Viability statement and climate-related influencing factors are considered across all relevant Group Principal Risks.	**Strategic Report** – How we manage risk page 62 **Disclosure statement** – Viability statement page 82 **Governance** – Governance of climate-related matters page 93
Metrics and targets		
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	SSE uses its 2030 Goals, Net Zero Transition Plan, science-based carbon targets and other metrics to measure and manage climate-related opportunities and risks.	**Strategic Report** – Progressing towards 2030 Goals page 45 – SSE's Net Zero Transition Plan pathway page 46 – Performance against SSE's Net Zero Transition Plan pages 47 to 48 – Reporting on our impacts pages 58 to 59 – Carbon pricing page 73 **Governance** – Annual report on remuneration pages 142 to 147
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	SSE measures and discloses year-on-year carbon performance and progress against targets.	**Strategic Report** – Performance against SSE's Net Zero Transition Plan pages 47 to 48 **Disclosure statement** – Carbon performance disclosures page 79
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	SSE has long-term net zero ambitions that are supported by near-term science-based targets on a 1.5°C pathway.	**Strategic report** – Progressing towards 2030 Goals page 45 – Figure 2: Science-based targets: performance 2017/18 – 2024/25 page 47

Useful information

– Further information is presented in SSE's Net Zero Transition Plan, SSE's Net Zero Transition Report and SSE's Sustainability Report
– Information on SSE's GHG emissions data and how it is produced is available in SSE's Sustainability Reporting Criteria 2025
– Detailed information can be found in SSE's CDP submission

All of this information can be found at sse.com/sustainability.

Assessing SSE's climate-related opportunities and risks

SSE has a well-established approach to identifying material climate-related opportunities and risks, which is informed by climate-scenario analysis. The results of this exercise are provided in the detailed opportunities and risks tables on pages 75 to 78.

SSE's approach to climate scenario analysis

SSE conducts an exercise to identify material opportunities and risks biennially, or sooner if a material business change occurs. SSE carries out scenario analysis on the outcome of that assessment every year.

During 2024/25, SSE completed the process to confirm its material climate-related opportunities and risks. SSE pioritised those opportunities and risks based on both internal and external developments since the previous assessment.

As a result of the review, the 'short term' TCFD scenario time horizon has been extended from 2030 to 2035. This change reflects realignment with internal business time horizons where business plans are reviewed over a ten-year period, and the longer-term strategic nature of this climate scenario analysis.

The biennial review of risks and opportunities confirmed that each of the climate-related opportunities remained material to SSE.

However, management assessed that the 'Accelerated Gas Closure' transition risk that SSE reported on last year has become less material to SSE and has been removed from this year's analysis. SSE reached this decision having considered the UK Government's 'Clean Power 2030 Action Plan', published in December 2024, and the UK Climate Change Committee's (UK CCC) Seventh Carbon Budget, published in February 2025. These publications set out the strategic importance of unabated gas-fired electricity generation providing a back-up role in the UK's transition to net zero. On 31 March 2025, SSE reassessed the useful economic life of three of its CCGT assets, extending the closure date from 2030 to 2035 (see Group Consolidated Financial Statements note 4.1 on pages 177 to 178).

As a result, the perceived risk of mandated early closure of these CCGT assets has materially decreased in the year.

The remaining three transition and physical risks reported last year remain relevant and continue to be assessed.

Each year, SSE reviews its scenario process, updating it with information from external scenario providers and considering relevant economic and political factors to operations. SSE currently assesses different scenarios with temperature outcomes of 1.5°C, 2.5°C and 4°C over time horizons to 2035, 2050 and 2080.

By updating the scenario analysis annually, this can provide an indication of the potential financial impact to SSE.

This allows SSE to assess and manage potential emerging risks as part of the integrated Group Risk Management Framework and to provide strategic insights into potential changes in climate-related opportunities.

Time horizons for scenario analysis

SSE has defined time horizons for assessing climate-related opportunities and risks as follows:

- Short term – aligned to SSE's financial, operational, capital investment plans and to SSE's Net Zero Transition Plan;
- Medium and long term – aligned to when climate-related impacts are more likely to emerge.

Figure 1 sets out the relationship between Climate-related financial disclosures time horizons and SSE's Going Concern and Viability statements' time horizons.

Assessing financial impacts of climate-related opportunities and risks

SSE assesses climate-related opportunities and risks relative to an operating profit measure. The scenario analysis used the financial quantification pathways (see panel) along with internal and external data sources to quantify each of the material opportunities and risks under the different scenarios. Additional sensitivity analysis is also used to provide further insights into the impact of climate-related opportunities and risks on the Group's business operations.

Carbon pricing

As a generator of electricity, SSE is subject to policies that affect the price of carbon, and takes that price into consideration in many of its investment decisions.

SSE's generation activities in Great Britain are subject to the UK Emissions Trading Scheme (UK ETS), which is a cap-and-trade programme. In addition, SSE's generation assets in GB are subject to the Carbon Price Support mechanism, which sets a price per tonne of carbon emitted.

This, combined with the UK ETS allowance price, makes up the Total Carbon Price paid by electricity generators. In Ireland, SSE's generation assets are subject to the EU Emissions Trading Scheme (EU ETS). As part of SSE's capital investment plans a range of carbon prices are considered, £52 to £140/tCO_2 in GB and €66 to €155/tCO_2 in the EU. SSE's future plans include assumptions on low, central and high carbon range forecasts.

How SSE conducts its scenario analysis

Material opportunities and risks
Identified and prioritised through an assessment process

Impact pathways
Developed for each opportunity and risk, considering the business and financial impacts of possible climate-related events

Financial quantification pathways
Developed for each opportunity and risk, including identifying data points and external scenarios

Scenario selection
Relevant scenarios selected for each opportunity and risk, considering a range of factors like temperature outcomes and time horizons

Quantification
Using internal data and publicly available data from TCFD recommended providers

Assessment
Quantification output assessed, considering resilience of business model and strategy to the opportunities and risks across the time horizons and warming scenarios

Climate-related financial disclosures continued

Scenario selection and assumptions

Climate scenarios help assess how the impact of the opportunities and risks identified may change in different warming scenarios; however they are only scenarios and not forecasts. The scenario analysis SSE performs extends beyond normal business forecasting cycles and in some cases beyond the operating life of the majority of the Group's assets.

SSE selects external scenario datasets according to relevant characteristics of each material opportunity or risk.

SSE uses the following external scenarios in its analysis:

- International Energy Agency (IEA) World Energy Outlook 2024,
- National Grid Future Energy Scenario (FES) Pathways framework 2024,
- International Panel on Climate Change (IPCC) models and Met Office UK Climate projections

The specific scenarios within these models and the warming scenarios they relate to are outlined in Table 1.

These scenarios were consistent with those used last year and data was updated by the relevant external provider.

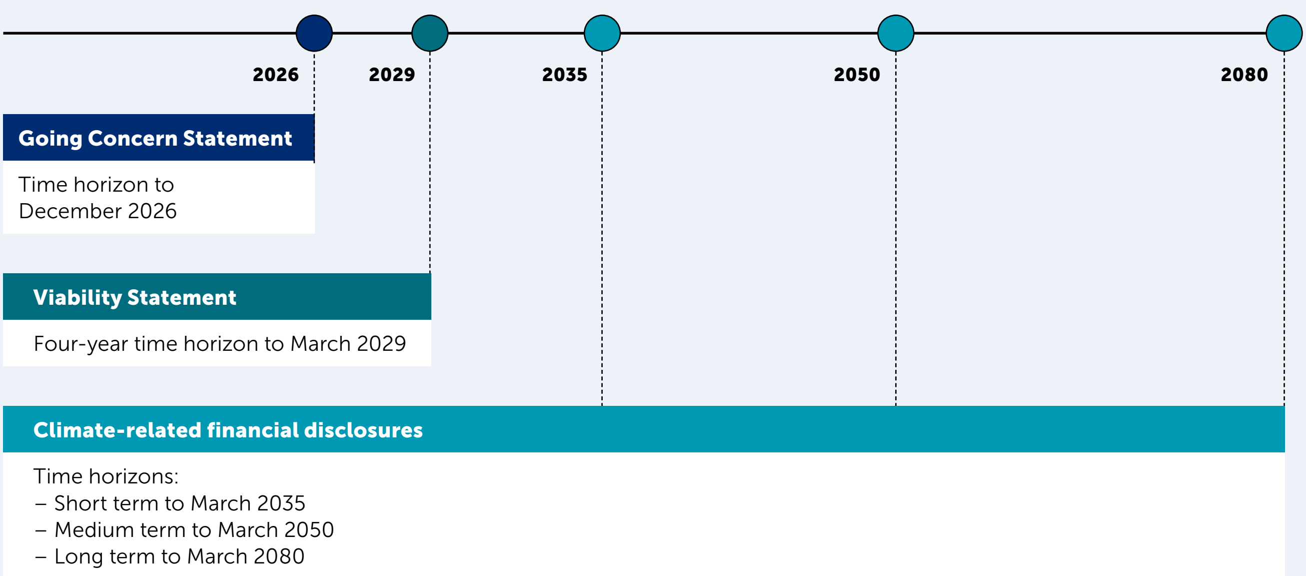
Table 1: External models and scenarios used in SSE's climate scenario analysis 2024/25

Warming scenario	Transition scenarios	Physical scenarios
1.5°C	– IEA World Energy Outlook 2024 – Net Zero Emissions (NZE) by 2050 – National Grid FES Pathways framework 2024 – Holistic Transformation and Electric Engagement	– IPCC Representative Concentration Pathway – RCP 2.6 – UK Met Office Climate projections (UKCP18) tool
2.5°C	– IEA World Energy Outlook 2024 – Stated Policies (STEPS) – National Grid FES Pathways framework 2024 – Counterfactual	
4°C		– IPCC Representative Concentration Pathway – RCP 8.5 – UK Met Office Climate projections (UKCP18) tool

Assessment of impacts

This year's analysis indicates continued growth across all material climate-related opportunities, while climate-related risks remain stable. Extending the short-term time horizon to 2035 has resulted in increased annualised growth and the inclusion of additional pipeline assets within the 2035 scenario scope. These were not considered in the prior year's assessment. SSE's material climate-related opportunities and risks are considered in SSE's Net Zero Transition Plan, which sets the key actions to drive progress towards its near-term science-based targets, and net zero ambitions. The detailed assessment of impacts relating to climate-related opportunities and risks are provided in the following tables on pages 75 to 78.

Figure 1: SSE's Going Concern Statement, Viability Statement and Climate-related financial disclosures time horizons



Detailed climate-related opportunities and risks tables

The following tables describe: the key scenario and assumptions applied; the potential financial impact; the geographical and asset impact within SSE's own operations; the impact on the business strategy and mitigation; and the related 2030 Goal for each of the material climate-related opportunities and risks.

Transition opportunities

The potential financial impact of all scenarios for transition opportunities is stated in GBP billion (£bn), based on one-year annualised earnings before interest and tax (EBIT), and presented as a range to reflect the sensitivities applied to each scenario.

Financial impact change from prior period: ▲ Growth ■ Stable ▼ Decline

Accelerated transmission growth ▲

Electrification of the UK economy presents an opportunity to accelerate returns from required investment in SSEN's electricity transmission network.

Geographical and asset impact

SSEN Transmission network assets in the north of Scotland.

Scenario inputs

- 2024 FES Holistic Transition and Counterfactual pathways.
- The projected share of renewable capacity connected to SSEN's network.

Financial impact

Based on scenarios, the opportunity to invest in an accelerated expansion of SSEN's transmission network presents a potentially significant increase to EBIT.

The outcomes continue to indicate a growth opportunity in connected renewable capacity, which is more considerable in the 1.5°C scenarios.

Scenario	2035 (£bn)	2050 (£bn)
1.5°C	0.9 to 1.2	1.4 to 1.9
2.5°C	0.4 to 0.6	0.7 to 1.0

Strategy

SSEN Transmission owns, operates and develops the transmission network in the north of Scotland. In December 2024, the business submitted its Business Plan to Ofgem for the RIIO-T3 price control period, from 2026 to 2031. This plan sets out £22bn of known certain expenditure to 2031 and the potential for an additional £9bn of potential future expenditure.

Related 2030 Goal

Enable low-carbon generation and demand.

Accelerated wind investment ▲

The transition to clean power presents an opportunity to accelerate investment in installed onshore and offshore wind generation capacity.

Geographical and asset impact

UK, Irish, European and Japanese wind farm portfolios.

Scenario inputs

- 2024 IEA NZE and STEPS scenarios for wind capacity.
- SSE's electricity capacity projections for existing and pipeline wind portfolio.
- Internal projections of price adjustments arising in a renewables-dominated electricity system.

Financial impact

Based on the scenarios, investment in wind assets at scale could result in significant increases to EBIT under both warming scenarios and timeframes.

The outcomes continue to indicate the growth opportunity from SSE's strong pipeline of options focused on offshore and onshore wind.

Scenario	2035 (£bn)	2050 (£bn)
1.5°C	0.9 to 1.2	1.5 to 2.0
2.5°C	0.5 to 0.7	0.9 to 1.2

Strategy

SSE Renewables has a strong pipeline of development options focused on offshore and onshore wind. The business is targeting an increase in installed capacity to 7GW by 2027, with ~1GW under construction at that point in time.

Related 2030 Goal

Increase renewable energy output fivefold.

Climate-related financial disclosures continued

Valuable flexible hydro

An increasing reliance on intermittent electricity generation sources presents an opportunity to invest in new low-carbon hydro assets that earn returns from flexible balancing of the electricity system.

Geographical and asset impact

Hydro assets in the north of Scotland.

Scenario inputs

- 2024 IEA NZE and STEPS scenarios for hydro generation.
- SSE's projected output from existing and pipeline hydro portfolio.
- Internal projections of price adjustments arising in a renewables-dominated electricity system.

Financial impact

Based on scenarios, the opportunity to provide flexible low-carbon hydro generation that balances intermittent electricity generation from wind assets has the potential to increase EBIT in the longer term.

The outcomes indicate a similar level of growth in both temperature scenarios as modelling shows new assets being operational in both the 2035 and 2050 time horizons.

Scenario	2035 (£bn)	2050 (£bn)
1.5°C	up to 0.1	0.2 to 0.3
2.5°C	up to 0.1	up to 0.2

Strategy

SSE Renewables operates and develops conventional hydro and pumped storage that provides flexible and dispatchable electricity. SSE continues to develop opportunities to expand its flexible low-carbon hydro generation, which could include new assets such as Coire Glas.

Related 2030 Goal

Increase renewable energy output fivefold.

Valuable flexible thermal

Intermittent weather patterns present an opportunity to invest in low-carbon thermal assets that will generate returns from providing flexible capacity, security of supply, and price stability to the electricity system.

Geographical and asset impact

GB carbon capture and storage (CCS) power stations (including investments in joint ventures), and sustainable biofuel power stations in Ireland.

Scenario inputs

- 2024 IEA NZE and STEPS scenarios for CCUS and Bioenergy generation.
- SSE's projected output from pipeline low-carbon thermal generation assets.

Financial impact

The opportunity to invest in new low-carbon thermal generation assets has the potential to increase EBIT in the longer term.

The outcomes continue to indicate more growth in low-carbon thermal generation in the 1.5°C scenarios.

Scenario	2035 (£bn)	2050 (£bn)
1.5°C	0.3 to 0.4	0.6 to 0.8
2.5°C	up to 0.1	up to 0.2

Strategy

SSE Thermal is continuing to develop a pipeline of options for new low-carbon thermal assets across a range of technologies from CCS to biofuels and hydrogen.

Related 2030 Goal

Cut carbon intensity by 80%.

Driving distribution transformation

UK climate policy presents an opportunity to transform SSEN Distribution's networks to meet the potential five- to ten-fold increase in consumer demand.

Geographical and asset impact

SSEN Distribution network assets in the north of Scotland and central southern England.

Scenario inputs

- 2024 FES Electric Engagement and Counterfactual pathways for electricity consumer demand.
- SSE's projected electricity distributed on the existing and pipeline network.

Financial impact

Increased expansion of SSEN Distribution's network has the potential to increase EBIT in the longer term.

The outcomes continue to indicate considerable growth in consumer demand in the UK as consumers adopt low-carbon technologies and energy efficiency measures. More significant growth is projected in the 1.5°C scenarios.

Scenario	2035 (£bn)	2050 (£bn)
1.5°C	up to 0.2	0.4 to 0.6
2.5°C	up to 0.1	0.3 to 0.4

Strategy

SSEN Distribution is the distribution network operator for central southern England and the north of Scotland. Its RIIO-ED2 Business Plan 2023 to 2028 sets out the flexibility and network investment required to accelerate net zero. SSEN Distribution is now preparing its next Business Plan for the price control period from 2028 to 2033.

Related 2030 Goal

Enable low-carbon generation and demand.

Transition risk

The potential financial impact of the wind generation price transition risk is stated in GBP billion (£bn), based on one-year annualised earnings before interest and tax (EBIT), and presented as a range to reflect the sensitivities applied to the scenario.

Financial impact change from prior period: Growth Stable Decline

Wind generation price

As wind generation capacity increases, the average market electricity price for wind power is expected to be lower than the average price for electricity.

Geographical and asset impact

UK, Irish, European and Japanese wind farm assets with no revenue support contracts (e.g. Contracts for Difference).

Scenario inputs

- 2024 IEA NZE and STEPS scenarios for wind generation.
- SSE's projected merchant wind output from existing and pipeline wind portfolio.
- Internal projections of price adjustments arising in a renewables-dominated electricity system.

Financial impact

Increased wind generation capacity and changing consumer demand may result in power prices being lower for non-contracted wind assets.

The outcomes of both scenarios continue to indicate considerable growth in total wind generation and a subsequent impact on the achievable price for wind assets. This is most evident in the 1.5°C 2050 scenario, where total wind generation growth is forecast to be greatest.

Scenario	2035 (£bn)	2050 (£bn)
1.5°C	up to (0.2)	(0.7) to (0.9)
2.5°C	up to (0.1)	(0.2) to (0.3)

Mitigations

SSE's balanced portfolio of generation capacity (across wind, hydro, solar, battery and thermal), power hedging strategies, revenue stabilisation agreements and long-term offtake agreements are key to mitigating future low wind prices.

Related 2030 Goal

Increase renewable energy output fivefold.

Physical risks

The potential financial impact of all scenarios for physical risks stated in GBP billion (£bn), based on one-year annualised earnings before interest and tax (EBIT), and presented as a range to reflect the sensitivities applied to each scenario.

Financial impact change from prior period: Growth Stable Decline

Variable renewable generation

Climate change models predict sustained higher temperatures that cause greater extremes in weather patterns, including variable wind and rainfall patterns. These scenarios could result in reduced renewable electricity generation and a fall in earnings.

Geographical and asset impact

Wind farm portfolios in the UK, Ireland, Europe and Japan, and hydro assets in the north of Scotland.

Scenario inputs

- 2024 IEA NZE scenario for wind generation.
- UK Met Office climate projections (UKCP18) tool aligned to IPCC RCPs 2.6 and 8.5 for average wind speeds.
- Projected output of SSE's existing and pipeline wind portfolio.

Financial impact

Predicted lower wind speeds and variable rainfall levels have the potential to reduce renewable electricity generation and related EBIT.

The outcomes of both scenarios continue to indicate a marginal decline in wind speeds, offset by significant growth in wind generation.

Scenario	2050 (£bn)	2080 (£bn)
1.5°C	up to (0.2)	(0.2) to (0.3)
4°C	(0.2) to (0.3)	(0.3) to (0.4)

Mitigations

SSE continues to review climate projections using the Met Office UK Climate Projection (UKCP18) to understand the potential impact on renewable generation assets and infrastructure. The technical and geographical nature of SSE's renewable capacity, alongside meteorological monitoring, crisis management and business continuity plans are some of the ways that SSE manages and mitigates this risk.

Related 2030 Goal

Increase renewable energy output fivefold.

Climate-related financial disclosures continued

Extreme weather network damage

More extreme weather events, including disruptive flooding events, heat waves and extreme winds, may cause greater damage to electricity distribution network assets, resulting in faults and outages.

Geographical and asset impact

SSEN Distribution network assets in the north of Scotland and central southern England.

Scenario inputs

- 2024 FES Electric Engagement and Counterfactual pathways for consumer demand.
- UK Met Office climate projections (UK CP18) tool aligned to IPCC RCPs 2.6 and 8.5 for average winter wind speeds and mean summer temperatures
- Storm and heat costs to SSE's existing and pipeline network assets.

Financial impact

This risk has the potential to cause physical damage to network assets, increasing repair and maintenance costs, and to disrupt supply to customers, increasing exposure to regulator penalties and reputational issues, negatively affecting EBIT.

The outcomes of both scenarios continue to indicate a marginal decline in wind speeds and an increase in average temperatures. However there could be more frequent and intense extreme weather events in the future.

Storms continue to pose a material risk to SSE, particularly in relation to customers. In the financial year to 31 March 2025, SSE experienced seven UK Met Office-named storms that had an impact on customers and network assets.

Scenario	2050 (£bn)	2080 (£bn)
1.5°C	up to (0.1)	up to (0.2)
4°C	up to (0.1)	up to (0.2)

Mitigations

SSE has mitigation methods in place, such as monitoring short- and long-term weather patterns, crisis management and business continuity plans and investment programmes to improve infrastructure resilience. SSEN Distribution has set out a resilience strategy with climate adaptation actions, including flood risk mitigation, in its current price control Business Plan.

Related 2030 Goal

Enable low-carbon generation and demand.

▲ SSEN Distribution climate resilience strategy mitigates the risk from extreme weather on distribution network assets

Carbon performance disclosures

The table on this page, in combination with the energy use information in Table 3 on page 59, represents SSE's disclosures in line with the UK Government Streamlined Energy and Carbon Reporting requirements. SSE takes an operational control consolidation approach to define its organisational boundary for GHG emissions.

SSE's inventory details its direct and indirect GHG emissions performance (scopes 1, 2 and 3). This is shown as total emissions, as well as split out by UK and Irish activity. It also provides a carbon intensity measure based on scope 1 GHG emissions released for each unit of electricity generated by SSE.

SSE's GHG inventory is prepared in accordance with the UK Government's environmental reporting guidelines (BEIS, March 2019); aligned to the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition) developed by the World Resources Institute and the World Business Council for Sustainable Development (2004); and ISO 14064-1:2018 Specification with Guidance at the Organization Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals.

For more information on SSE's GHG emissions data and how it is produced, see SSE's Sustainability Reporting Criteria 2025 available at sse.com/sustainability.

Table 2: SSE's carbon performance

		Unit	2024/25	2023/24
Total reported GHG emissions		**$MtCO_2e$**	**10.24[a]**	**9.27**
Scope 1 GHG emissions	Total	$MtCO_2e$	5.22 [a]	4.34[b]
	UK/Ireland	$MtCO_2e$	(4.58/0.64)	(3.64/0.70)
Scope 2 GHG emissions[1]	Total	$MtCO_2e$	0.48 [a]	0.47 [b]
	UK/Ireland	$MtCO_2e$	(0.48/<0.01)	(0.47/<0.01)
Scope 3 GHG emissions[2] (Categories 3, 4, 9, 11 and 15 only)	Total	$MtCO_2e$	4.54 [a]	4.46 [b]
	UK/Ireland	$MtCO_2e$	(3.65/0.89)	(3.73/0.73)
Scope 1 GHG emissions intensity	Total	gCO_2e/kWh	218 [a]	205 [b]
Renewable generation output[3]	Total	GWh	10,237	10,004
	UK/Ireland	GWh	(8,897/1,324)	(8,652/1,352)
Non-renewable generation output[4]	Total	GWh	13,740	11,159
	UK/Ireland	GWh	(12,335/1,405)	(9,509/1,650)
Generation output	Total	GWh	23,977	21,164
	UK/Ireland	GWh	(21,231/2,729)	(18,162/3,002)

(a) This data is subject to external independent limited assurance by Ernst & Young Global Limited ('EY'). For the results of that assurance, see EY's assurance report and SSE's Sustainability Reporting Criteria 2025 on sse.com/sustainability.
(b) This data was previously reported in the SSE plc Annual Report 2024 where it was subject to external independent limited assurance by PricewaterhouseCoopers LLP ('PwC'). For the results of that assurance, see PwC's assurance report and SSE's GHG and Environmental Reporting Criteria 2024 on sse.com/sustainability.
1 SSE Scope 2 emissions are calculated using the location-based method described in the Greenhouse Gas Protocol.
2 SSE Scope 3 GHG emissions reported consist of Category 11 – Use of Sold Products (Gas Sold) of 1.95 $MtCO_2e$[a]; Category 15 – Investments (Joint Venture investments); Category 3 – Fuel- and Energy-Related Activities (excluding upstream emissions associated with gas sold); Category 9 – Downstream Transportation and Distribution; Category 4 – Upstream Transportation and Distribution; and Category 6 – Business Travel. Category 1 – Purchased Goods & Services and Category 2 – Capital Goods are excluded as SSE continues to develop and refine its accounting approach to calculate these figures to an acceptable level of accuracy. The upstream emissions associated with gas products sold is also excluded from Category 3.
3 Total includes pumped storage, battery energy storage systems and biomass output and excludes constrained-off wind.
4 Total excludes output from joint venture power stations where SSE does not have operational control (Seabank Power Limited, Triton Power Limited and Slough Multi-Fuel Limited), and includes 100% of output from joint venture power stations where SSE has full operational control under Power Purchase Agreements (Marchwood Power Limited).

EU Taxonomy assessment

SSE voluntarily aligns its reporting with the EU Taxonomy regulation to provide stakeholders with an understanding of its green economic activities.

SSE's key strategic activities (i.e. onshore wind, offshore wind, transmission, distribution) from its Reported Segments were voluntarily assessed against the EU Taxonomy criteria for climate change mitigation. While SSE conducted an internal assessment against the technical screening, do no significant harm, and minimum safeguards criteria, a second-party opinion has not yet been sought.

The financial metrics disclosed continue to be classified based on SSE's Reported Segments. Table 3 provides the output from this principle-based assessment of SSE's 'taxonomy-aligned' activities.

'Taxonomy-eligible and aligned' activities in 2024/25 are from SSE's transmission and distribution networks, as well as onshore and offshore wind generation and hydro (run-of-river and pumped storage) activities. The 'taxonomy-eligible not aligned' activities are associated with SSE's Thermal generation and Gas Storage businesses. As these businesses continue on their decarbonisation pathways, it is expected that emerging activities such as low-carbon flexible generation or hydrogen storage will qualify in the future as eligible and aligned activities.

Some activities are considered 'taxonomy-non-eligible' because they have not been identified in the taxonomy. This is because they either do not significantly contribute to climate change mitigation or could be integrated into the taxonomy at a later date. These activities comprise SSE's Business Energy, Airtricity, Energy Markets and Corporate businesses because they either operate as customer-focused businesses, a route to market for generation, or do not contain material activities at this time.

Assumptions

SSE's accounting policies for these calculations are based on the current EU Taxonomy Regulation 2020/852, and delegated acts.

Linkage principle

SSE has applied a 'linkage principle' while calculating 'taxonomy-eligible aligned' activities. This stipulates that any revenue, operating profit/loss or capital expenditure that can be justifiably linked to an identified taxonomy economic activity can be classified as 'taxonomy-eligible aligned'. Using this principle, revenue and operating profits from SSE's balancing activities, hedging and trading can be included in the calculation when they directly support 'taxonomy-eligible aligned' activities.

Proxies

Where financial results are not appropriately split into taxonomy-eligible activities (namely Energy Markets trading and power sale activities), revenue has been allocated based on purchased power volumes from renewable versus non-renewable assets. Operating profit/loss has been apportioned based on internal contractual trading agreements.

Materiality

In preparing its analysis, SSE has applied a top-down review to understand how existing segmental reporting aligns with taxonomy-aligned activities. There are some activities that fall below specified thresholds that are not taxonomy eligible. As SSE's reporting processes and controls will be refined ahead of any proposed implementation of the UK Green Taxonomy, it is expected that some reclassification of activities may occur, due to changes in materiality thresholds or clarification on eligible activity criteria.

Table 3: Assessment of SSE's activities against the EU Taxonomy

		Revenue (b)		Adjusted operating profit / (loss) (c)		Adjusted investment and capital expenditure (d)	
SSE's Reported Segments (a)	'Taxonomy-eligible' activity (a)	£m	%	£m	%	£m	%
SSEN Transmission	Transmission of electricity	807.0	8.0	322.5	13.3	953.5	32.8
SSEN Distribution	Distribution of electricity	1,513.6	14.9	736.0	30.4	635.8	21.8
SSE Renewables	Electricity generation	354.9	3.5	1,038.8	42.9	1,001.8	34.4
SSE Energy Markets	As route-to-market for SSE Renewables	803.9	7.9	59.4	2.5	2.2	0.1
Total 'taxonomy-eligible aligned' activities		**3,479.4**	**34.3**	**2,156.7**	**89.1**	**2,593.3**	**89.1**
SSE Thermal	Electricity generation from fossil gaseous fuels	633.0	6.2	248.5	10.3	183.1	6.3
Gas Storage	Storage of hydrogen	17.6	0.2	(37.1)	(1.5)	0.7	–
SSE Energy Markets	As route-to-market for SSE Thermal	1,191.5	11.8	(11.4)	(0.5)	2.2	0.1
Total 'taxonomy-eligible not aligned' activities		**1,842.1**	**18.2**	**200.0**	**8.3**	**186.0**	**6.4**
SSE Business Energy		2,692.4	26.6	32.7	1.4	73.1	2.6
SSE Airtricity		1,909.1	18.8	159.4	6.6	6.9	0.2
SSE Energy Markets		–	–	(18.0)	(0.7)	4.3	0.1
Corporate unallocated		208.9	2.1	(111.6)	(4.7)	46.8	1.6
Total 'taxonomy-non-eligible' activities		**4,810.4**	**47.5**	**62.5**	**2.6**	**131.1**	**4.5**
Total continuing operations		**10,131.9**	**100.0**	**2,419.2**	**100.0**	**2,910.4**	**100.0**

Notes:
(a) Alignment is based on segmental reporting in SSE's financial year end statements. (see note 1.2 Basis of preparation for segmental changes in the year to 31 March 2025).
(b) Revenue: derived from the disaggregation of revenue from contracts by customers, in line with the requirements of IFRS 15 'Revenue from Contracts with Customers' (see **note 5.1.(i)**).
(c) Adjusted operating profit/(loss): calculated as adjusted operating profit/loss related to the businesses aligned with the taxonomy categories (see **note 5.1.(ii)**).
(d) Adjusted investment and capital expenditure: calculated as adjusted capital expenditure related to assets or processes associated with taxonomy-eligible economic activities that is accounted for based on IAS 16, IAS 38 and IFRS 16 and thereby included within adjusted capital expenditure (see **note 5.1.(iii)**).

Non-financial and sustainability information statement

SSE reports extensively on its non-financial impacts within its Annual Report and welcomes continued and increasing focus from regulators, shareholders and other stakeholders.

This table outlines how SSE meets the Non-financial Information and Sustainability reporting requirements contained within the Companies Act 2006. For more information on SSE's business model in Section 414CB (2)(a) see page 7. Further disclosure can also be found in SSE's Sustainability Report 2025.

Reporting requirement and SSE's material areas of impact	Relevant Group Principal Risks, pages 64 to 69	Relevant Group Policies on sse.com	Policy embedding, due diligence, outcomes and key performance indicators
Climate matters – Delivering net zero – Managing climate-related issues – Carbon performance, metrics and targets – Climate-related financial disclosures	Climate Change	Group Climate Change Policy	Performance against 2030 Goals, page 15 Our strategy, page 6 Driving climate action, pages 46 to 48 Climate-related financial disclosures, pages 71 to 78
Environmental matters – Responsible resource use – water and energy use, air emissions – Managing impacts on the natural environment and biodiversity	Safety and the Environment	Group Environment Policy	Protecting and restoring the natural environment, pages 58 to 59 Safety, Sustainability, Health and Environment Advisory Committee Report, pages 122 to 125
Employees – Protecting health, safety and wellbeing – Investing in training and learning – Culture and ethics – Reward and benefits – Employee voice – Promoting inclusion and diversity	People and Culture Safety and the Environment	Group Employment Policy Group Safety and Health Policy	Performance against 2030 Goals, page 15 Committed to decent work and economic growth, pages 53 to 57 Safety, Sustainability, Health and Environment Advisory Committee Report, pages 122 to 125
Social matters – Ensuring a just transition – Contributing to jobs and GDP – Sustainable procurement and supporting local supply chains – Paying a fair share of tax – Supporting customers through the cost-of-living crisis – Sharing value with local communities	People and Culture Speed of Change Energy Affordability	Group Sustainability Policy Group Taxation Policy Group Procurement Policy	Performance against 2030 Goals, page 15 Committed to decent work and economic growth, pages 53 to 57
Human rights, anti-corruption and anti-bribery – Reinforcing an ethical business culture – Speaking up against wrongdoing – Prevention of bribery and corruption – Approach to human rights	People and Culture Large Capital Projects Management	Group Human Rights Policy Group Corruption and Financial Crime Prevention Policy Group Whistleblowing Policy	Committed to decent work and economic growth, pages 53 to 57

Viability statement

SSE provides energy needed today while building a better world of energy for tomorrow through creating 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. The delivery of SSE's purpose and execution of its strategy depends on the skills and talent of a diverse workforce, the quality of its assets and the effective identification, understanding and mitigation of risk.

As required within provision 31 of the UK Corporate Governance Code, the Board has formally assessed the prospects of the Company over the next four financial years to the period ending March 2029. The Directors have determined that as this time horizon aligns with the financial planning period, a greater degree of confidence over the forecasting assumptions modelled can be established.

In making this statement the Directors have considered the resilience of the Group taking into account its current position, the Principal Risks facing the Group and the control measures in place to mitigate each of them. The Directors recognise the significance of the strong balance sheet with committed lending facilities as shown below:

	£bn	Matures	Comment
SSE plc	1.50	October 2029	2 1-year extension options available (in favour of the Group)
SSEN Transmission[1]	1.50	October 2029	2 1-year extension options available (in favour of the Group)
	3.00		

1 The Transmission facility is available to that Business Unit only.

The Group is an owner and operator of critical national infrastructure and has a proven ability to maintain access to capital markets during stressed economic conditions. The Group continued to demonstrate this through the recent issuance of a €600m 7-year green bond in March 2025, taking the total the Group has issued in the Debt Capital markets to £6.8bn over the past 5 financial years. Further detail relating to planned funding is available in A6.3. Accompanying Information to the Financial Statements in the Annual Report and Accounts and the adjoining Going Concern statement.

The Group has a number of highly attractive and relatively liquid assets – including a regulated asset base which benefits from a strong regulated revenue stream as well as the operational wind portfolio – which provide flexibility of options. This has been demonstrated through the success of recent disposals including the sale of a 25% stake in the Transmission business in FY2022/23.

To help support this Statement, over the course of the year a suite of severe but plausible scenarios has been developed for each of SSE's Principal Risks. These scenarios are based on relevant real life events that have been observed either in the markets within which the Group operates or related markets globally. Examples include critical asset failure impacting generation assets (for Energy Infrastructure Failure); significant project delays (for Large Capital Projects Management) and the physical impacts of climate change on distribution assets through more frequent and increasingly severe storm events (for Climate Change).

Scenarios are stress tested against forecast available financial headroom and in addition to considering these in isolation, the Directors also consider the cumulative impact of different combinations of scenarios, including those that individually have the highest impact.

Upon the basis of the analysis undertaken, and on the assumption that the fundamental regulatory and statutory framework of the markets in which the Group operates does not substantively change, and the Group continues to be able to refund its debt at maturity, the Directors have a reasonable expectation that the Group will be able to continue to meet its liabilities as they fall due in the period to March 2029.

Going Concern

The Directors consider that the Group has adequate resources to continue in operational existence for the period to 31 December 2026. The Financial Statements are therefore prepared on a Going Concern basis.

The Group uses cash flow forecasts to monitor its ongoing borrowing requirements. Typically, the Group will fund any short-term borrowing positions by issuing commercial paper or borrowing from committed and uncommitted bank lines and will invest in money market funds when it has a cash surplus.

Details of the Group's borrowings are disclosed at note 21 of the Financial Statements. In addition to the borrowing facilities listed, the Group has a £21m overdraft facility.

The refinancing requirement in the 2025/26 financial year is £1.9bn, being the £0.9m of short-term commercial paper that matures between April and June, and £1.0bn of medium- to long-term debt maturing being the €600m (£503m) Eurobond maturing 16 April 2025 and €600m (£499m) Eurobond maturing 8 September 2025.

The Directors are confident in the ability of the Group to maintain a funding level above 105% for the Going Concern assessment period based on the strong credit standing and borrowing history of the Group for both fixed debt and commercial paper, as discussed more fully below.

Given the committed bank facilities of £3.0bn (£1.5bn excluding Scottish Hydro Electric Transmission plc facilities) maintained by the Group and the current commercial paper market conditions, the Directors have concluded that both the Group and SSE plc as parent company have sufficient headroom to continue as a Going Concern.

In coming to this conclusion, the Directors have taken into account the Group's credit rating and the successful issuance of £16.9bn of medium- to long-term debt and hybrid equity since February 2012, including £1.4bn of long-term funding in the current financial year.

The Group's period of Going Concern assessment is performed to 31 December 2026, 21 months from the balance sheet date, which is at least 12 months from the filing deadline of its subsidiary companies.

While the formal assessment period was to the period ending 31 December 2026, a period of three months beyond this date was reviewed for significant events that may result in a change to the conclusion of the assessment. No events or circumstances were identified in that period beyond the formal assessment.

As well as taking account of the factors noted, the Going Concern conclusion is arrived at after applying stress testing sensitivities to the Group's cash flow and funding projections including removal of proceeds from unconfirmed future divestments, negative and positive sensitivities on operating cash flows and uncommitted capex and other adjustments.

The Group has also considered its obligations under its debt covenants. There have been no breaches of covenants in the year and the Group's projections support the expectation that there will be no breach of covenants over the period to 31 December 2026.

Governance

Chair's introduction

Leading through change

The Board's commitment to careful stewardship and good governance continues as SSE embarks on a new chapter of opportunity and growth.

In 2024/25, SSE continued to play an integral role in meeting the climate emergency head on. We have developed our portfolio of assets, projects and opportunities in line with our commitment to delivering our five-year, c.£17.5bn clean energy investment plan by 2027: the Net Zero Acceleration Programme (NZAP) Plus. And we're preparing for another significant growth phase across the Group to 2030 and beyond. Our diverse portfolio has given us options and resilience in what has been a highly complex operating environment.

We're also moving towards a new era of leadership as we welcome Martin Pibworth as our new Chief Executive and Hixonia Nyasulu as Senior Independent Director. I'm confident that, with these appointments and the guidance of the Board, we will continue to deliver on our strategic and financial objectives as we prepare to accelerate towards our net zero ambition.

Ensuring strategic progress

The Board's work this year has been focused on the NZAP Plus and planning for the growth that will follow to 2030 and beyond. We receive regular updates on progress against NZAP Plus targets and engage extensively with teams across the Group. This ensures we maintain an understanding of all aspects of delivering and operating energy infrastructure projects. These insights inform our decisions on how best to allocate capital to support the energy transition for the benefit of society, while also creating a return on investment for our shareholders.

This year, in response to a dynamic and complex macro environment, we have made the decision to revise our NZAP Plus plan to around £17.5bn. An overview of our work during the year is on pages 94 to 101.

For updates on the work of our Board Committees, see the Committee Reports on pages 107 to 153.

Engaging with our stakeholders

To support our work in building a better world of energy that's clean, affordable and secure for our society, we continued to look for opportunities to connect with our stakeholders during the year.

As in previous years, I met with investors and engaged on a range of matters – from strategy and performance to sustainability and governance. And with our Remuneration Policy up for shareholder approval at the upcoming Annual General Meeting (AGM) in July 2025, we offered our top 30 shareholders the opportunity to discuss and give feedback on the proposed changes.

We were encouraged by the clear statement of intent in the UK Government's Clean Power 2030 Action Plan. The Board has overseen an extensive programme of engagement with government, policymakers and regulators to continue to position SSE as a critical delivery partner in achieving that aim. We also oversaw the submission of SSEN Transmission's RIIO-T3 Business Plan, which will be key in delivering national climate and energy security targets over the longer term.

SSEN Transmission's Pathway to 2030 investment programme signals an acceleration in the delivery of critical infrastructure. We're keenly aware of the lasting impact this can have on local communities and the need to provide customers with affordable and efficient energy. As we work to balance these needs with the demand for essential infrastructure for the UK's net zero ambitions, we're staying updated on the results of extensive consultations being carried out on these projects.

SSE's supply chain is an important enabler to delivering the NZAP Plus and securing future growth. So we continue to find new ways to work with and learn from our business partners. At our annual strategy day, we examined supply chain dynamics and heard directly from external speakers, including our suppliers.

> "It's more important than ever that we reaffirm our commitment to doing the right thing and fostering a culture that celebrates our differences and amplifies under-represented voices."

Connecting with our people

One of our most important stakeholders are, of course, our people. The Board has continued to engage directly with employees across SSE to create a richer range of discussions and learning opportunities. Our activities are enhanced by the work done by Lady Elish Angiolini, our Non-Executive Director for Employee Engagement – see page 100 for more.

Along with many of my fellow Board members, I've been fortunate to spend time with field-based colleagues immersing ourselves in safety at SSE's industry-leading training centre in Perth. It was clear to me how deeply the value of safety resonates with colleagues across the Group, as part of our wider business culture.

Chair's introduction continued

As we navigate an evolving political landscape, it's more important than ever that we reaffirm our commitment to doing the right thing and fostering a culture that celebrates our differences and amplifies under-represented voices.

We resolutely believe this commitment is crucial to our strategic progress. It should be reflected not only across our workplace but also exemplified by our senior leadership and the Board.

Strengthening our leadership

2025 will see significant changes on our Board, with our Nomination Committee having successfully overseen two key succession processes.

As announced in March 2025, Martin Pibworth will succeed Alistair Phillips-Davies as Chief Executive after the July AGM.

Having spent 28 years with SSE and 12 years as Chief Executive, Alistair leaves behind an exceptional legacy and a diversified portfolio that positions SSE well for long-term growth. Under Alistair's leadership, SSE has become a clean energy champion in the UK and Ireland, delivering true and lasting value for all stakeholders. On behalf of the Board, I want to thank him for his inspirational leadership and impeccable service in this role.

Martin Pibworth is a well-known figure at SSE, having been with the Company for nearly three decades. He held several key commercial roles at SSE and joined the Board in 2017. As Chief Commercial Officer, Martin has overseen SSE's Renewables, Thermal, Energy Markets and Energy Customer Solutions businesses. His deep understanding of energy markets and large capital projects has been at the heart of our strategy and delivery – and his industry experience, stakeholder insight and commercial acumen are second to none.

Martin was appointed after a robust and highly competitive recruitment process, supported by independent recruitment specialists Korn Ferry and involving both internal and external candidates. He was the stand-out candidate, and I'm excited to be by his side as he leads SSE through the next phase of opportunity and growth.

Helen Mahy, our current Senior Independent Director (SID) and Chair of the Safety, Sustainability, Health and Environment Advisory Committee (SSHEAC), will not stand for re-election at our upcoming AGM. I'd like to thank Helen for her invaluable commitment and experience over the last nine years. Dame Angela Strank will become Chair of the SSHEAC after the AGM.

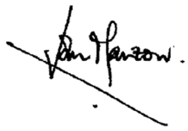
We're delighted to welcome Hixonia Nyasulu, who joined the Board in January. She adds a depth of experience in international markets across the energy sector, as well as industrial and financial services. Hixonia will step into the role of SID and join the Audit Committee and SSHEAC after the AGM.

We believe these changes reflect our ongoing commitment to a Board culture that welcomes a wide range of views, perspectives and experiences. For more, see the Nomination Committee Report on pages 107 to 112.

Assessing our performance

In line with the three-yearly cycle, we conducted an externally-facilitated Board performance review with the support of independent reviewer Heidrick & Struggles. I was pleased to note that the 2024/25 performance report confirmed that we operate at a high standard. We've now integrated all actions proposed into our workplan for the year ahead. For more on the performance review process, see pages 105 to 106.

I hope this Governance Report provides a clear and meaningful account of the Board's work during the year and our efforts in underpinning SSE's long-term success.



Sir John Manzoni
Chair, SSE plc

20 May 2025

▲ Sir John learns more about safety processes on a visit to the Ryde depot on the Isle of Wight

Board of Directors

Sir John Manzoni

Chair

Committee membership

N E S R

Date of appointment

Non-Executive Director since September 2020 and Chair from April 2021

Career and experience

Sir John brings to SSE wide-ranging executive and non-executive experience across the energy industry and government. Over 24 years at BP, he held a number of senior roles including Chief Executive of Refining & Marketing, and was a member of the main Board. He then became President and CEO at Talisman Energy Inc before moving to the UK Government, where he was Chief Executive of the Civil Service and Permanent Secretary of the Cabinet Office.

Skills relevant to the SSE Board

- A dynamic and engaging leader with diverse perspectives from multiple sectors, organisational settings and geographies.
- Experienced in governing large-scale business operations, leading reform, managing complex projects and driving business performance.
- A strong communicator who understands how to successfully develop and manage stakeholder relations.
- Working knowledge of the energy regulation, government and policy considerations underpinning net zero.
- A sharp focus on SSE leadership, succession planning, and inclusion and diversity

Key external appointments

- Non-Executive Director and Chair of Diageo plc.
- Non-Executive Director of KBR Inc.

Alistair Phillips-Davies CBE

Chief Executive

Committee membership

Date of appointment

Executive Director since January 2002 and Chief Executive from July 2013

Career and experience

A chartered accountant, Alistair joined SSE in 1997. Before joining the Board in 2002 as Energy Supply Director, he was Director of Corporate Finance and Business Development. In 2010, he became Generation and Supply Director, before moving to Deputy Chief Executive in 2012 and Chief Executive in 2013.

Skills relevant to the SSE Board

- Contributes sound executive leadership and a considered approach to strategy, central to the Net Zero Acceleration Programme Plus and sustainability plans and targets.
- Broad knowledge of British and European energy markets.
- Committed to engaging with and understanding our stakeholders' priorities.
- Detailed knowledge of policy, politics and regulation which helps SSE engage constructively in these areas.
- Very engaged with developing SSE's people to enhance the culture and grow the business.

Key external appointments

- Non-Executive Director of Anglian Water Services Limited.
- Member of the Scottish Energy Advisory Board.
- Member of the UK Government's Hydrogen Delivery Council.
- Member of the Net Zero Council.

Martin Pibworth

Chief Commercial Officer and Chief Executive designate

Committee membership

E S

Date of appointment

Executive Director since September 2017 and Chief Commercial Officer from November 2020

Career and experience

Martin joined SSE in 1998 as an energy trader. He held a series of commercial roles before becoming a Managing Director in 2012 and a member of SSE's Group Executive Committee in 2014. In 2017, he joined the Board as Group Energy Director. His role expanded to Group Energy and Commercial Director in November 2020 and was re-titled to Chief Commercial Officer in March 2022.

Skills relevant to the SSE Board

- Literate in complex energy and commodity markets with strong technical and operational expertise.
- End-to-end experience in large capital projects including joint venture engagement and governance, supporting the development of SSE's diverse and flexible generation portfolio.
- Commercially minded in seeking growth for SSE's market-based businesses, including internationally, having supported key capital recycling opportunities and transactions.
- Sound understanding of change management and sources of commercial risk.

Key external appointments

- Member of the Energy UK Board.
- Chair of the CBI Scottish Council.

Barry O'Regan

Chief Financial Officer

Committee membership

E

Date of appointment

Executive Director and Chief Financial Officer since December 2023

Career and experience

A chartered accountant, Barry joined SSE in 2008. He was Finance Director for SSE Renewables, as well as having responsibility for corporate finance across the Group. Before this, Barry oversaw Group funding and treasury operations as Director of Treasury and Corporate Finance. He became Chief Financial Officer in December 2023.

Skills relevant to the SSE Board

- Financial expertise and 20 years of energy value chain experience driving the disciplined delivery of SSE's capital investment and growth plans.
- Skilled in developing the financial strategy integral to reshaping SSE over the last decade.
- Experienced in leading corporate financial projects and teams covering corporate modelling, funding strategy and debt issuance.
- Active understanding of investment community views.
- Supports SSE's approach to partnering, having served on joint venture boards.

Key external appointments

- None.

For full Board biographies, see sse.com

Key for Board Committees

- N Nomination Committee
- A Audit Committee
- E Energy Markets Risk Committee
- S Safety, Sustainability, Health and Environment Advisory Committee
- R Remuneration Committee
- ○ Committee Chair

Board of Directors continued

Helen Mahy CBE

Senior Independent Director

Committee membership

N A S

Date of appointment

Non-Executive Director since March 2016 and Senior Independent Director from November 2023

Career and experience

Helen is a former Company Secretary and General Counsel of National Grid plc. She has held non-executive directorships at a number of listed companies. Helen was a member of the Parker Review steering committee and is a patron of the Social Mobility Business Partnership.

Skills relevant to the SSE Board

- Long-standing energy and regulatory expertise spanning legal, compliance, governance and risk frameworks, with over a decade of experience overseeing renewables infrastructure investment.
- Extensive insight into investor and stakeholder perspectives and trends from cross-sectoral, international and external boards, enabling wider discussion and debate.
- A balanced sounding-board and advocate of employee safety and wellbeing, extensive knowledge of sustainability, and a strong focus on social equity, inclusion and diversity.

Key external appointments

- Non-Executive Director of Gowling WLG (UK) LLP.

Hixonia Nyasulu

Independent non-Executive Director and Senior Independent Director designate

Committee membership

N

Date of appointment

Non-Executive Director since January 2025

Career and experience

Hixonia brings significant international experience at Board level, with a diverse and global perspective. She has served as Chair of Sasol, an integrated chemicals and energy company operating in many countries, and held the role of Senior Independent Director at Vivo Energy plc. Before this, Hixonia held an executive position at Unilever in South Africa, where she was responsible for developing the brand, marketing strategies and communications.

Skills relevant to the SSE Board

- Extensive experience in shaping corporate strategy and ensuring strong governance frameworks focused on long-term value creation and stakeholder engagement.
- Expertise in identifying and managing risks, particularly ESG considerations, to drive sustainable growth and mitigate challenges.
- Proven commitment to fostering diverse and inclusive leadership teams, enhancing organisational culture, and promoting equitable business practices across sectors.

Key external appointments

- Non-Executive Director of Anglo American plc.
- Non-Executive Director of Olam Agri Holdings.

Rt. Hon. Lady Elish Angiolini LT DBE KC

Independent non-Executive Director of the Board and for Employee Engagement

Committee membership

N S R

Date of appointment

Non-Executive Director since September 2021

Career and experience

Lady Elish has had a distinguished public sector legal career. She served as Lord Advocate of Scotland from 2006 to 2011 across two government administrations and was previously Solicitor General for Scotland. She has carried out independent public inquiries and reviews for the UK and Scottish Governments and has held various academic positions.

Skills relevant to the SSE Board

- Significant understanding of UK and Scottish governance and experience of working with government on independent public reviews while staying politically neutral.
- Strong ambassadorial skills acquired through international work in judicial, governmental, diplomatic and academic fields.
- A strong sense of social purpose and depth of perspective to Board considerations, including as an advocate for employee views.

Key external appointments

- Principal of St Hugh's College Oxford.
- Chair of the Angiolini Inquiry.
- Chair of Board of Trustees of Reprieve.

John Bason

Independent non-Executive Director

Committee membership

N A R

Date of appointment

Non-Executive Director since June 2022

Career and experience

A chartered accountant, John brings significant listed company and international experience through his career in global business. He was Finance Director of Associated British Foods plc between 1999 and 2023, when its diverse businesses employed 128,000 people and operated in 53 countries worldwide. In 2023, he became Chair of Primark's Strategic Advisory Board and Senior Advisor to the retail business.

Skills relevant to the SSE Board

- Recent and relevant financial experience, with a track record in developing financial and commercial strategy including M&A, corporate transactions and large capital projects.
- Extensive leadership experience and an international perspective gained from global companies and complex operations.
- Understanding of the listed company context and practical experience of investor relations and ESG strategy, particularly the role of sustainability.

Key external appointments

- Non-Executive Director and Chair of Bloomsbury Publishing plc.
- Primark Strategic Advisory Board Chair.
- Trustee of the charity FareShare.

▶ For full Board biographies, see **sse.com**

Board changes 2024/25 and 2025/26

- Hixonia Nyasulu joined as non-Executive Director on 1 January 2025.
- Helen Mahy will step down at the end of the 2025 AGM and be succeeded as Senior Independent Director by Hixonia Nyasulu.
- Alistair Phillips-Davies will step down at the end of the AGM and be succeeded as Chief Executive by Martin Pibworth.

Tony Cocker

Independent non-Executive Director

Committee membership

N A E S

Date of appointment

Non-Executive Director since May 2018

Career and experience

Tony brings a detailed knowledge of the energy sector to the Board. He worked with E.ON SE and Powergen plc for more than 20 years, holding responsibilities for thermal generation, onshore and offshore wind, commodity trading and risk management, and retail. He was also CEO and Chair of E.ON UK plc.

Skills relevant to the SSE Board

- Extensive CEO and management experience across renewables, generation, commodity portfolio management, and energy trading.
- Wide-ranging technical and operational insight related to energy infrastructure and assets, having delivered major thermal and renewable energy projects.
- Strong UK and European energy industry and non-Executive experience and understanding of utilities regulation and the trends relevant to SSE's operations.
- Experience in strategic consultancy and managing energy and utility stakeholders.

Key external appointments

- Chair of Infinis Energy Management Limited.
- Chair of Future Biogas Holdco Limited.
- Chair of Energy Systems Catapult.

Debbie Crosbie

Independent non-Executive Director

Committee membership

N A E

Date of appointment

Non-Executive Director since September 2021

Career and experience

A fellow of the Chartered Institute of Bankers, Debbie brings to the Board more than 25 years of leadership in the UK banking industry. Debbie became the first female CEO of Nationwide Building Society in 2022. She was previously CEO of TSB and Executive Director and COO of Clydesdale Bank, where she led preparations for its successful demerger from National Australia Bank and subsequent IPO.

Skills relevant to the SSE Board

- Extensive experience in implementing strategy, including transformation projects in large consumer-facing organisations, and managing the critical role of digital and data.
- Deep understanding of capital allocation and optimisation, and investment appraisal.
- Proficiency in IT and cyber security, risk management and internal controls from overseeing efficient and effective operations in a compliance-driven, heavily regulated sector.
- A leader with deep understanding of organisational responsibilities to employees and society.

Key external appointments

- Group Chief Executive Officer of Nationwide Building Society.
- Member of the FCA Practitioner Panel.

Melanie Smith CBE

Independent non-Executive Director

Committee membership

N E R

Date of appointment

Non-Executive Director since January 2019

Career and experience

Melanie is CEO of the NEC Group and a leading UK consumer retail executive. She brings over 20 years of strategy and transformation experience to the Board. Her previous roles include CEO of Ocado Retail and Strategy Director for Marks & Spencer, where she had responsibility for Group strategy, M&S Bank and M&S Services.

Skills relevant to the SSE Board

- Skilled at appraising the development and execution of strategy, having advised and led growth, brand and business transformation in consumer and retail sectors worldwide.
- Deep commercial and digital experience across multiple goods and services categories, including insurance, telco and energy.
- A people-centric style, with wide-ranging global experience and a strong appreciation of company culture.
- An entrepreneurial organisational leader, actively engaging with stakeholder views to create high performing organisations.

Key external appointments

- Chief Executive Officer of the NEC Group.
- Deputy Chair of Sadler's Wells.
- Founder of Mokaraka Trust.

Dame Angela Strank DBE

Independent non-Executive Director

Committee membership

N S R

Date of appointment

Non-Executive Director since May 2020

Career and experience

Dame Angela has had a long-standing international career in energy, including 38 years' service at BP. As Group Chief Scientist and Head of Downstream Technology, she was a member of BP's Executive Management team. This was preceded by international business and technical leadership roles spanning R&D, engineering, digital, product development and innovation, business development, finance, and renewable energy.

Skills relevant to the SSE Board

- Expert in technology and science within the broader energy and manufacturing industries.
- Has led and collaborated on large and complex projects and in culturally diverse environments.
- Strong corporate social responsibility and sustainability experience through involvement in climate science research, the energy transition, reputation and safety management, and inclusion and diversity – having chaired the Corporate Sustainability Committee and Safety, Ethics and Sustainability Committee of two FTSE 100 companies.

Key external appointments

- Non-Executive Director of Rolls-Royce plc.
- Non-Executive Director of Mondi plc.
- Member of Rio Tinto's Innovation Advisory Council.

For full Board biographies, see sse.com

Key for Board Committees

- N Nomination Committee
- A Audit Committee
- E Energy Markets Risk Committee
- S Safety, Sustainability, Health and Environment Advisory Committee
- R Remuneration Committee
- Committee Chair

Board of Directors continued

Maarten Wetselaar
Independent non-Executive Director

Committee membership
N A E

Date of appointment
Non-Executive Director since September 2023

Career and experience
Maarten brings over 29 years of experience in the energy sector and is CEO of Moeve (formerly CEPSA), the Spanish multinational energy company involved in oil, chemicals, biofuels and green hydrogen. Before this role, he spent over 26 years at Shell, where he held positions in general management, finance, strategy, and business development and led the establishment of the company's renewables activities.

Skills relevant to the SSE Board
- Wide-ranging experience in the energy industry in South America, Africa, Asia, the Middle East and Europe.
- Energy transition leadership, supported by experience in renewable, low-carbon, and green hydrogen capital projects and in developing, communicating and engaging in energy transition strategies.
- Extensive experience in commodity markets, particularly relating to liquefied natural gas.
- Listed company expertise, including capital markets and investor relations, through previous executive and finance roles.

Key external appointments
- Chief Executive Officer of Moeve (formerly CEPSA).

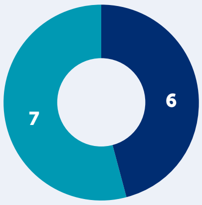
For full Board biographies, see sse.com

Board Composition

As at 20 May 2025

Board gender balance

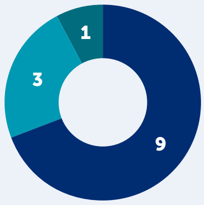
46% women



- Women
- Men

Board independence

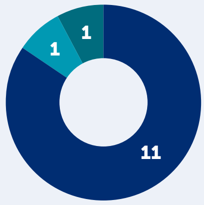
75% independent excluding the Chair



- Independent non-Executive Directors
- Executive Directors
- Non-Executive Chair

Board ethnicity

2 Directors from ethnic minority backgrounds



- White British or other White
- Māori
- Black/African/Caribbean/Black British

Rolling three-year women's representation

44% women

43%	45%	**44%**
31 March 2023	31 March 2024	31 March 2025

Non-Executive Director tenure

4 years 5 months average tenure

0–3 years	3–6 years	6 years+
3	**4**	**3**
John Bason, Hixonia Nyasulu, Maarten Wetselaar	Lady Elish Angiolini, Debbie Crosbie, Sir John Manzoni, Dame Angela Strank	Tony Cocker, Helen Mahy, Melanie Smith

Skills to support long-term success

This matrix shows how the skills and expertise of the non-Executive Directors enable the Board to support SSE's long-term success. The Board is strengthened by the diverse approaches, thinking styles, background and experience of its members, as described in the biographies on previous pages.

	Sir John Manzoni	Helen Mahy	Hixonia Nyasulu	Lady Elish Angiolini	John Bason	Tony Cocker	Debbie Crosbie	Melanie Smith	Dame Angela Strank	Maarten Wetselaar
Experience of operating context and disruptive trends										
Energy sector, energy regulation and energy markets	●	●	●			●			●	●
Government and public policy	●	●	●	●	●	●				●
Clean energy, renewables and climate science	●	●	●			●			●	●
Global business, scale and complexity	●		●		●	●	●	●	●	●
Digital and data					●	●	●	●	●	
Stakeholders and social impact	●	●	●	●	●	●	●	●	●	●
Skills to challenge and set a sustainable strategy										
Large capital project management	●		●	●	●	●		●	●	●
Financing, economics and capital markets	●		●		●		●	●		●
Partnering, M&A and transactions	●	●	●	●	●		●	●	●	●
Risk management	●	●	●	●	●	●	●	●	●	●
Consumer insight		●	●	●	●	●	●	●	●	●
Responsible leadership of a large organisation										
Corporate governance and leadership	●	●	●	●	●	●	●	●	●	●
Culture, safe working and people development	●	●	●	●	●	●	●	●	●	●

Group Executive Committee

This Committee oversees SSE's performance and day-to-day operations and ensures the implementation of Group strategy. It's also responsible for the executive management of Business Units and corporate support services.

The Committee is led by Alistair Phillips-Davies. In addition to Barry O'Regan and Martin Pibworth, who have already been introduced, members are as follows.

Stephen Wheeler
Managing Director,
SSE Renewables

Stephen has been MD of SSE Renewables since January 2022. He was previously MD of SSE Thermal and MD of SSE Ireland. He was part of the management team that grew the Airtricity renewable energy platform before SSE acquired it in 2008. Before joining Airtricity, he spent over 10 years working internationally with ABB and Siemens.

Finlay McCutcheon
Managing Director,
SSE Thermal

Finlay has been MD of SSE Thermal since May 2024. He previously held various senior roles within SSE across Renewables, Energy Markets, and Energy Customer Solutions.

Before joining SSE in 2010, Finlay worked for many years as a corporate and commercial lawyer.

Rob McDonald
Managing Director,
SSEN Transmission

Rob has been MD of SSEN Transmission since January 2019. He joined SSE in 1997 and held a number of senior roles within the Group Regulation function. Before his current position, he was MD of Corporate and Business Services covering legal, regulation, compliance, safety and large capital projects services across SSE.

Chris Burchell
Managing Director,
SSEN Distribution

Chris has been MD of SSEN Distribution since November 2020. His prior career in transport was extensive, including several MD and Group level operational and commercial leadership positions with Arriva, The Go-Ahead Group and Railtrack. Chris also brings wider sector experience as a previous non-Executive Director with Ofwat and Chair of the Rail Delivery Group trade body.

Liz Tanner
Group General Counsel and
Company Secretary

A barrister, Liz joined SSE in 2002 with the acquisition of Neos Networks. Since then, she has held a variety of legal and commercial roles and was appointed to the Group Executive Committee as Group General Counsel in March 2019. She became Group General Counsel and Company Secretary in August 2023. Liz leads SSE's Company Secretariat and the corporate functions of Legal, Ethics and Compliance, Data Protection, and Large Capital Project Services. She's also a member of the GC100 Executive Committee.

Sam Peacock
Managing Director, Corporate
Affairs, Regulation and Strategy

Sam oversees corporate strategy, government and regulatory affairs, communications, brand, and local project communications at SSE. Before joining the Company in 2011, he directed government affairs at Ofgem and worked at leading communications agency Edelman, as well as in Parliament and the Government.

John Stewart
Director of HR

John has been in this role since joining SSE in July 2009. Before this, he held a broad range of senior management roles in the energy and water sectors and has worked in both the UK and in the US. He oversees all areas in relation to SSE's people including talent and capability, training and development, employee engagement, and inclusion and diversity.

Peter Lawns
Deputy Company Secretary,
Secretary to the Committee

Peter joined SSE in 2005 and held various finance and company secretarial roles before becoming Deputy Company Secretary in 2013. He oversees the delivery of the Group company secretarial service with responsibility for corporate governance, entity management, corporate reporting, and share registration and share plans. Peter is a fellow of the Chartered Governance Institute.

Governance at a glance

Approach to reporting

This report explains the Board's approach to corporate governance within SSE, which is underpinned by continued reporting against the UK Corporate Governance Code 2018. The Compliance Statement, set out on pages 154 to 156, confirms how the Code's Principles have been applied and details adherence to the Code Provisions. Disclosures outside of the Compliance Statement outline Board and Board Committee work during the year and the outcomes of decisions. The report is structured around the thematic areas the Board reviewed in the year and the material stakeholder factors integrated into discussions.

SSE's Governance Framework

The diagram below illustrates how the Board delegates authority and accountability for aspects of SSE's operations. Agreed roles and responsibilities of each Committee are formally set out in Terms of Reference and support decision making and oversight across SSE. The Board has a separate Schedule of Reserved Matters – see sse.com.

SSE PLC BOARD

Promotes the long-term sustainable success of SSE. It establishes SSE's purpose, vision, and strategy, which centre on creating value for shareholders and society in the transition to net zero. It sets and fosters a healthy and ethical business culture across SSE.

Nomination Committee
See pages 107 to 112

Audit Committee
See pages 113 to 119

Energy Markets Risk Committee (EMRC)
See pages 120 to 121

Safety, Sustainability, Health and Environment Advisory Committee (SSHEAC)
See pages 122 to 125

Remuneration Committee
See pages 126 to 153

The Board is directly supported by five Board Committees – see pages 107 to 153 for separate reports. Two of these Committees are unique to SSE. The EMRC reviews the governance to support SSE's energy market trading activities and associated risk exposures. And the SSHEAC supports and challenges SSE's strategy, initiatives and performance on safety, sustainability, health, and environment matters.

75%

SSEN Transmission Board | **SSEN Distribution Board**

These Boards oversee strategy, performance and regulatory approvals required under network licences. The Transmission and Distribution Executive Committees report directly to dedicated oversight Boards and refer to the Group Executive Committee where appropriate, and when business separation rules allow.

Group Executive Committee

Oversees SSE's performance and day-to-day operations, and ensures the implementation of Group strategy. It's also responsible for the executive management of Business Units and corporate support services. See page 91 for more on the role and membership of this Committee.

- SSEN Transmission
- SSEN Distribution
- SSE Renewables
- SSE Thermal
- Energy Customer Solutions
- SSE Energy Markets

Business Unit Executive Committees

Lead the delivery of Business Unit strategy, performance, and targets aligned with Board-set objectives. See pages 28 to 41 for more on each Business Unit.

- Group Safety, Health and Environment
- Group Risk
- Group Large Capital Projects
- Group Disclosure
- Group Energy Markets Exposure Risk

Group Committees

Develop and recommend policy, controls and frameworks for material areas across SSE. They work with SSE's Business Units and report to the Group Executive Committee.

▶ More on SSE's Governance Framework and supporting governance practices can be found in the Compliance with the UK Corporate Governance Code statement on pages 154 to 156.

Annual General Meeting 2025

The AGM will take place on 17 July 2025 in Perth.

Shareholders can participate online or in person – see the Notice of AGM for joining options.

Meetings and attendance

	Board	Nomination Committee	Audit Committee	EMRC	SSHEAC	Remuneration Committee
No. of meetings held	**7**	**9**	**4**	**4**	**4**	**3**
Sir John Manzoni	7/7	9/9	–	4/4	4/4	3/3
Alistair Phillips-Davies	7/7	–	–	–	–	–
Barry O'Regan	7/7	–	–	4/4	–	–
Martin Pibworth	7/7	–	–	4/4	4/4	–
Helen Mahy	7/7	9/9	4/4	–	4/4	–
Lady Elish Angiolini	7/7	9/9	–	–	4/4	3/3
John Bason	7/7	9/9	4/4	–	–	3/3
Tony Cocker	7/7	9/9	4/4	4/4	4/4	–
Debbie Crosbie[1]	7/7	9/9	4/4	3/4	–	–
Hixonia Nyasulu[2]	3/3	2/2	–	–	–	–
Melanie Smith	7/7	9/9	–	4/4	–	3/3
Dame Angela Strank	7/7	9/9	–	–	4/4	3/3
Maarten Wetselaar	7/7	9/9	4/4	4/4	–	–

1 Debbie Crosbie gave prior notification that the meeting of the EMRC in May 2024 conflicted with an external executive Board meeting.
2 Hixonia Nyasulu joined the Board and Nomination Committee on 1 January 2025.

In each instance of non-attendance, papers were shared before the meeting and comments given to the Chair where appropriate.

Governance of climate-related matters

Given its strategic importance to SSE, oversight of climate-related risks and opportunities is embedded across Board, Committee and senior leadership duties. Climate considerations are firmly integrated within SSE's Governance Framework, with agreed roles and responsibilities set out in the Board's Schedule of Reserved Matters, Committee Terms of Reference, and the division of responsibilities across Board roles.

With climate-related governance a key focus of regulators and wider stakeholders, detail is provided here around climate-related roles and responsibilities within SSE. How the Board oversees climate-related risks and opportunities is explained throughout this report.

The Board reviews and approves SSE's material sustainability and climate change impacts. It considers climate change through its work on strategy, operations and risk. It also sets the Group Sustainability and Climate Change Policies and approves climate-related financial disclosures.

The Audit Committee, Group Risk Committee, Sustainability-related Financial Disclosures Committee and TCFD Working Group all govern the development, review and assurance of SSE's climate-related disclosures. The Audit Committee recommends to the Board whether these are fair, balanced and understandable and reviews the impact of climate change on SSE's financial statements.

The Nomination Committee considers the skills and experience the Board needs to support the assessment of SSE's operating context, including the impact of climate change on the current and future position of the business.

The SSHEAC oversees how key Group policies are implemented, including environmental and climate adaptation matters.

The Remuneration Committee agrees how climate factors are integrated within SSE's executive remuneration policy.

The Group Executive Committee identifies SSE's material sustainability impacts and oversees the management of climate interventions, targets and plans set by Business Units and corporate functions.

SSE's **Chief Sustainability Officer** reports to the Chief Executive and advises senior management and relevant Committees on climate-related matters.

More on climate-related work in the year

- Climate expertise within Board skills on page 90.
- Board work on setting and reviewing strategic priorities on pages 94 to 96.
- Leading on sustainability on page 97.
- Audit Committee work on climate-related financial disclosures on page 115.
- SSHEAC work on sustainability and ESG matters on page 124.
- Remuneration Committee approach to executive pay on pages 144 to 147.

The Board's year

Every year the Board reviews and agrees SSE's strategic direction. This helps the Board identify priorities and design a dedicated plan of work for the upcoming year. This section gives an overview of this work for 2024/25.

Setting strategy

The Board considers strategy throughout the year, supported by strategic updates from Business Units, reviews and approvals of project pipelines, reviews of progress against NZAP Plus targets, and deep dives into key areas to inform future strategic priorities.

Strengthening this ongoing focus on strategic priorities, the annual strategy review day is an important event in the Board's calendar. To generate informed and productive discussions, the Board invited internal subject matter experts and external guests to contribute on the day.

Here are the main themes explored by the Board during the year.

Market developments

The Board explored key changes in the external environment and emerging market trends, including:

- A changing global landscape, including political uncertainty and the impact of geopolitical volatility on the energy transition.
- The growth of emerging technologies and impact on the speed of transition.
- The prospective growth of AI and impact on the power demand for data centres.
- The impact of future macro scenarios on SSE's long-term delivery plan.

Reviewing the NZAP Plus

The Board reviewed the NZAP Plus and considered enablers for its delivery, including:

- The external operating environment.
- Stakeholder perspectives on current strategy and targets.
- Business Unit progress against NZAP Plus targets and key risks and dependencies in the plan.
- Progress against the Group's sustainability targets.
- Supply chain challenges due to cost pressures and higher industry demand.

Opportunities for growth

The Board explored future strategic levers to create value for stakeholders, including:

- Changes in the external environment and the impact on future growth.
- The evolution of SSE's integrated portfolio in a challenging and dynamic macroeconomic and political landscape.
- Capital allocation and funding options that balance near- and long-term strategic goals.
- Delivery and growth options across different technologies and geographies.
- Optimal risk exposure to growth opportunities.

Outcomes

The Board confirmed that SSE's diversified portfolio and NZAP Plus strategy continue to serve the Group well. As well as the opportunities the SSE portfolio brings, there are some challenges and uncertainties. Maintaining financial discipline, delivery and execution while maximising Group efficiency are increasingly crucial in a dynamic external environment. In order to adapt to these challenges, in May 2025, the Board approved a revised investment programme that will see around £17.5bn invested in SSE's businesses out to FY27.

The Board approved priorities and growth opportunities for each Business Unit. It also agreed a strategic agenda for the year ahead based on key market factors and levers for growth.

SSE's people, talent and organisational skills were confirmed as key enablers of growth. Deepening supply chain relationships, promoting collaboration, and enabling investment in priority areas were confirmed as key pathways to efficiently delivering the NZAP Plus.

Delivering with financial discipline

Each year, the Board balances strategic delivery with a disciplined approach to investment decisions, to allow SSE to execute its growth plans over the long term. The Board's work this year has included:

- Setting the annual budget considering the NZAP Plus investment needs, new projects across Business Units, and meeting existing project needs.
- Reviewing and agreeing investment criteria in light of market factors and the cost of financing.
- Alongside the Audit Committee, assessing funding requirements and liquidity to support SSE's investment-grade credit rating.

Monitoring policy developments

In executing SSE's strategy, it's crucial to work with policymakers to enable the delivery of critical electricity infrastructure. This year, the Board oversaw extensive engagement with policymakers and regulators on developments needed to achieve the UK Government's Clean Power 2030 Action Plan. Topics included:

- Review of Electricity Market Arrangements (REMA) – zonal pricing.
- Submission to Ofgem of a price control business plan for SSEN Transmission.
- Planning and consents with the Department for Energy Security and Net Zero.
- Connections reform with the National Energy System Operator (NESO).

The evolving shape of the Group

The Board had oversight of SSE's ongoing evolution in response to the opportunities and risks presented by an increasingly complex operating environment.
This included:

- A further pivot of capital allocation to regulated networks.
- Greater discipline in areas affected by slowing of policy and planning processes.
- The strategic absorption of the former SSE Enterprise into other areas of the business.
- Renewed focus on efficiency and controllable costs.

Reviewing strategic priorities

The Board recognises the importance of engaging constructively with SSE's key stakeholder groups. This engagement has been integral to broader discussions around strategic opportunities and delivering NZAP Plus. Here are some examples of how stakeholders were considered for some of the key developments on the Board's agenda in 2024/25.

Creating value through clean energy investments in renewables

The Board remained committed to developing the renewable projects needed to create a low-carbon energy system. These included offshore and onshore wind farm projects in development and construction such as Berwick Bank and Doggerbank A, B and C, as well as projects that have entered commercial operations such as the onshore wind farm Viking. Projects like these will support long-term renewable energy security and affordability for consumers, and help reach NZAP Plus targets.

Balancing stakeholder interests

- **Supply chain security.** The Board stayed informed about ongoing industry-wide supply chain constraints and received updates on supplier engagement on large capital projects.
- **Fostering community engagement.** The Board recognises the importance of SSE engaging with local communities while developing and delivering projects. It supported the final investment decision to construct the 208MW Strathy South wind farm, which will establish a community investment fund valued at £1m per year for the lifetime of the wind farm.
- **Maintaining financial discipline.** To ensure shareholder value, the Board considered the importance of financial discipline, the optionality provided by SSE's portfolio, and the growth pipeline.
- **Employee impact of efficiency measures.** The Board was kept informed of the impact on people of organisational changes to ensure SSE Renewables is best placed for long-term growth. This included considering the effect of a sharpening focus on controllable costs and efficiencies on jobs, with a particular focus on ensuring employees were fully consulted and treated with fairness and respect.

Potential future opportunities

- **Development in selected markets.** The Board will continue to consider SSE Renewables' approach to developing expertise and expanding into carefully selected markets, ensuring that focus remains on securing route to market for key projects and that financial returns exceed the cost of capital.
- **Delivering NZAP Plus.** The Board will stay informed of the engagement with policymakers and regulators necessary for delivering renewable generation on the journey to NZAP Plus.

Powering accelerated growth in networks

Investing in the transmission network is critical for the Scottish and UK Governments to reach their renewable energy targets for 2030 and beyond. The Board recognised the need to work closely with Ofgem, governments and local communities to make sure all stakeholder interests are considered when accelerating the delivery of critical infrastructure. During the year, the Board was informed of progress on the NZAP Plus commitments and SSEN Distribution's RIIO-ED2 Business Plan. It also oversaw the submission of SSEN Transmission's RIIO-T3 Business Plan, which outlines the investments needed to meet the UK and Scotland's net zero and energy security targets.

Balancing stakeholder interests

- **Investing in local economies.** As part of the Pathway to 2030 programme, the Board was updated on SSEN Transmission's pledge to support the delivery of 1,000 new homes across the north of Scotland. The houses will initially host the people needed to deliver proposed projects and will remain in place as a legacy after projects have completed. This shows SSEN Transmission's commitment to supporting and investing in local communities.
- **Community-led changes.** The Board was updated on the programme of engagement with local communities affected by the development of critical infrastructure. This programme provided valuable feedback, which was considered in project design where possible.
- **Collaborating with the supply chain.** The Board considered the importance of securing supply chain capacity to deliver growth for SSEN Transmission. This includes oversight of supply agreements with the manufacturer of subsea cables.
- **Improving customer performance and efficiency.** The Board reviewed SSEN Distribution's Transformation Programme, which is upgrading IT systems to enhance customer experience and strengthen IT resilience. It also evaluated progress against SSEN Distribution's RIIO-ED2 Business Plan, an important means of improving customer services and accelerating investment in local network infrastructure.

Potential future opportunities

- **A network for net zero.** One of the Board's key priorities continues to be monitoring the delivery of price control business plans in SSEN Transmission and SSEN Distribution. These aim to protect customers' interests, support the building of national critical infrastructure, and deliver fair returns.
- **Beyond 2030.** The Board will stay up to date on upcoming projects and stakeholder engagement across industry, governments and communities to support the delivery of RIIO-ED2 and RIIO-T3 Business Plans.

Reviewing strategic priorities (continued)

Delivering flexibility in the net zero transition

The Board continued to examine opportunities to deliver the future flexibility required for a renewables-led power system. These included low-carbon flexible generation and energy storage, as well as decarbonisation-ready (through either a transition to hydrogen or carbon capture and storage (CCS)) projects to support long-term decarbonisation, a key priority for the Group. The Board is very aware of the extent to which constrained supply chains and shifting energy policies affect the development of these new technologies.

Balancing stakeholder interests

- **Security of supply.** The Board supported the final investment decision to build Tarbert Next Generation power station, which will run on 100% sustainable biofuels with the potential to convert to hydrogen. This shows a commitment to supporting the electricity system in Ireland by addressing shorter-term supply challenges while laying the foundations for a low-carbon future.
- **Collaborating with partners.** The Board supported a partnership with Siemens Energy to deliver gas turbines capable of running on 100% hydrogen to support the decarbonisation of Keadby 2 and future decarbonisation-ready projects. This partnership shows SSE's commitment to transitioning from fossil fuels to a clean power system. The Board recognises that low-carbon power stations are essential to have clean power throughout the UK.
- **Impact of policy on pipeline.** The Board stayed up to date on the evolving commercial and operational context related to delivering low-carbon infrastructure. The Board recognises the need for supportive government policy to deliver the low-carbon generation assets crucial to CCS and hydrogen projects and to maintain system flexibility and resilience.

Potential future opportunities

- **Low-carbon thermal.** The Board will continue to consider the role of new low-carbon flexible generation in the transition to net zero, covering CCS, hydrogen, and decarbonisation-ready technology. It recognises the need to deliver at pace when government policy allows.
- **Safeguarding the supply chain.** The Board will continue to support proactive engagement with supply chain partners to ensure capacity for both operational sites and future projects.

Deepening Board knowledge

The Board's diverse skills and experience reflect and meet SSE's needs – see the skills matrix on page 90 for details. Given the ever-evolving nature of the energy industry, the Board welcomes opportunities to deepen its knowledge of specialist topics. To this end, there are internally and externally facilitated Board learning sessions throughout the year. Here are some of the topics covered in 2024/25.

Visiting the National HVDC Centre

The Board visited the National HVDC (High Voltage Direct Current) Centre in Scotland, an Ofgem-funded cutting-edge simulation and training facility supporting all HVDC schemes connecting to the GB grid. The visit enhanced the Board's understanding of how the centre is working with transmission owners, system operators, interconnector projects and manufacturers to de-risk projects and protect the security of the grid network. The Board was shown replicas of the control systems of current projects like Caithness-Moray-Shetland and saw the scale of network reinforcements needed to support the national aim of connecting 50GW of offshore wind by 2030. The session provided insights into the centre's pioneering developments to support the delivery of direct current networks in GB. The Board was very positive about the centre's industry collaboration and role in attracting engineering talent, and supports its plans to expand as a critical testbed for net zero infrastructure.

AI and cyber security

IT specialists presented a session on AI and cyber security to the Board.

AI

Part of the session covered integrating AI into SSE's digital toolkit and the enhanced capabilities this could provide. This included how AI is being used now and potential future uses in SSE's businesses and the wider energy industry. Board members shared their own experiences and views in a rich discussion. This gave the Board invaluable insights into AI's potential to support business goals and the energy transition.

Cyber security

The session also covered SSE's cyber strategy and the macro environment and operating factors affecting cyber security. Topics included the value of continuous colleague education and awareness, enhancements to security (including supply chain security), the risks connected to operating in new markets, risk management, and using agile methodologies to cut the time and costs for cyber risk assurance. This session deepened the Board's understanding of the cyber security landscape and the need for ongoing investment, diligence and responsiveness. The insights gained will inform Board discussions and decisions aimed at strengthening cyber security.

Committed to safety

SSE's commitment to safety remains an absolute priority for the Board. Safety is high on the agenda of every Board meeting, reflecting the Board's important leadership on embedding SSE's safety culture.

The Board receives regular updates on safety performance and reviews key safety metrics monthly. This enables the Board to effectively challenge the work of the Group Safety team and Business Units. The Board was pleased with this year's safety performance (see page 54). It stressed, however, the need to go beyond statistics to keep a strong safety culture alive across the Group.

In November 2024, two Board members attended a contract partner conference organised by SSE. They engaged directly with participants from 85 companies and shared feedback with the rest of the Board. This successful event should have a positive impact on contractor safety behaviours, and the Board supports holding the conference each year.

Most Board members have completed SSE's immersive safety training, strengthening their commitment to making sure all employees and partners return home safely. For more on the Board's focus on safety, see the culture dashboard on page 98 and the SSHEAC Report on pages 122 to 125.

Leading on sustainability

Sustainability is integral to the Board's role and plan of work. The Board has overall responsibility for SSE's most significant sustainability impacts, including in relation to climate change. SSE has sustainability-related priorities to encourage the policies, practice and performance that will achieve its sustainability and climate goals (see pages 45 to 59). The 2024/25 priorities were reviewed and approved by the Board.

During the year, the Board also approved updates to SSE's Just Transition strategy and SSE's Human Rights and Modern Slavery statement. These included KPIs to measure progress and performance. The Board supported efforts to robustly track and monitor these KPIs to ensure informed decision making.

SSE monitors key climate-related policy and guidance, which in 2024/25 included the UK Government's Clean Power 2030 Action Plan and the Climate Change Committee's seventh carbon budget. In April 2025, the Board approved an updated Net Zero Transition Plan with revised scenarios of the pathway towards SSE's net zero ambitions.

To align with the UK Government's Transition Plan Taskforce recommendation, the Board has approved a resolution to be tabled at the 2025 AGM. This resolution proposes changing the preparation cycle of SSE's Net Zero Transition Report from one year to three years for consideration by shareholders on an advisory basis. See pages 46 and 101 for more.

The Board also approved the appointment of EY, SSE's existing statutory auditor, as the new auditor of non-financial reporting to assure selected sustainability metrics. See the Audit Committee Report on pages 113 to 119 for more.

Overseeing digital transformation

Throughout the year, senior management in IT and Digital, Cyber Security and Data Protection kept the Board informed on these critical topics.

The Board drives a strong security culture by regularly monitoring progress on cyber-related activities. It reviewed SSE's cyber security threat and risk position in light of geopolitical events, regulatory compliance, and the increasing importance of cyber security for critical infrastructure and supply chains. As part of the Group's updated cyber security strategy, the Board approved a refreshed approach to mitigating cyber security risks. This involved reprioritising current risks to make sure these reflect the cyber threat landscape. For more on SSE's Cyber Security and Resilience Principal Risk, see page 65.

The Board was also updated on SSE's progress in AI, covering strategic developments, adoption and uses in Business Units. It considered the significant progress with AI in the Energy Customer Solutions (ECS) Business Unit. It reviewed the AI maturity roadmap outlining key phases and steps needed to adopt AI across SSE to create value. To emphasise the Board's commitment to cyber security and AI, the Schedule of Reserved Matters for the Board was revised to outline the Board's important oversight of these areas.

The Board reviewed metrics from the Group Data Protection Officer on incident response, training, assessments of personal data processing, communications and assurance activities. These showed that the overall data protection picture continued to be stable at SSE and emphasised the importance of ongoing activities to strengthen SSE's data protection programme.

For more on how the Board engaged with AI and cyber, see the Deepening Board knowledge section on page 96.

Supporting innovative customer solutions

During the year, the Board received updates from Energy Customer Solutions' (ECS) leaders on innovative solutions to support delivery of the NZAP Plus. This included the impact of SSE Business Energy's new billing platform Evolve, implemented in 2024, and ECS's future systems strategy. The Board endorsed enhancing ECS's digital and system capabilities as growth enablers and acknowledged technology's role in advancing green and low carbon energy solutions. The Board was also updated on ECS's strategic priorities, which underpin the business's commitment to supporting customers and its key role in SSE's value chain (see pages 40 to 41).

▲ Colleagues discuss operations with Lady Elish Angiolini at a social housing insulation project in Dublin

The Board's year continued

Assessing, monitoring and embedding culture

Setting the tone

The Board sets the culture and values of SSE and sees these as integral to delivering SSE's strategy. It believes that a strong, values-driven culture empowers employees at all levels to perform well and meet strategic objectives with integrity and purpose. To create a strong culture, the Board leads by example: making sure its own behaviours and strategic decisions reflect SSE values.

The Board oversees how the values are communicated and embedded across the organisation and the extent to which these influence decision making, leadership behaviours and day-to-day operations. It is updated on how SSE's values are reflected within key policies, employee engagement initiatives, and learning and development materials.

See page 2 for more on the values and how SSE defines a healthy, ethical business culture.

The Board recognises that culture is most effective when reinforced through tangible actions. To make sure culture and performance are aligned, executive remuneration and employee recognition programmes are directly linked to SSE's values. See page 131 for more on how executive remuneration is aligned to culture.

Measuring culture

The Board assesses the strength of SSE's culture in various ways.

Culture health check	– Twice a year, the Board reviews the Culture Dashboard which brings together data from various sources to measure the health of SSE's culture. This helps the Board assess whether its cultural aims are being achieved and informs employee engagement activities to reinforce and enhance SSE's culture. – This year, a new method has been adopted to allow non-Executive Directors to share observations of key aspects of culture after engaging with employees. These insights are used to enrich the range of data in the health check and drive targeted actions to reinforce SSE's culture.
Aligning culture with strategy	– The Board regularly engages with employees and visits a range of SSE locations to understand people's connections to culture and strategy at all levels within the organisation. – The Board conducted a programme of employee engagement activities (see pages 99 to 100) focused on sharing key aspects of SSE's strategy and culture. – The Board noted that engagement with SSE's Net Zero strategy has increased by 4% and that more colleagues understand how their role is helping to deliver this than in 2023/24.
Inclusion and diversity	– The Board continued to engage with the co-leads of SSE's employee led 'Belonging communities' to understand employees' priorities and promote inclusion across the Group. – The Board reviewed and re-affirmed its Inclusion & Diversity Policy – see pages 111 to 112.
Safety culture	– The Board reviewed key safety metrics and targets (see pages 122 to 124) and during regular operational site visits observed the strength of SSE's safety culture in practice (see page 125). – Various Board members attended SSE's immersive safety training to experience and understand how safety culture is embedded across employees and contractors.
People	– The Board considered employee feedback including the all-employee survey results (see page 54). – An all-employee call and an in-person meeting with commended employees were held after the AGM and attended by various Board members. Topics important to employees were discussed, with a particular focus on SSE's net zero ambitions (see page 99). – The Board considered reports on SSE's whistleblowing arrangements covering performance, case trends, and employee confidence in the speak-up mechanisms and protection.

Outcomes

As a result of monitoring and measuring how SSE's culture has been embedded, the Board endorsed:

- An engagement programme to embed updated descriptions of SSE's core values (the SSE SET).
- 'Doing the Right Thing Week', an all-employee communication initiative focusing on key aspects of SSE's ethical culture.
- Training for senior leaders on 'How We Lead at SSE' including how to promote SSE's values in practice.
- The expansion of SSE's Employee Recognition Programme which is aligned to SSE's values and culture.
- A refreshed employee onboarding process with a focus on immersing new employees in SSE's values and culture.
- Continued investment in SSE's immersive safety training.

Culture dashboard 2024/25

Employee feedback enables the Board to assess the strength of SSE's culture:

Overall employee engagement	Inclusion	Safety	Our strategy	Doing the right thing	Senior leaders
86% ▶	**90%** ▶	**91%** ▲	**86%** ▲	**85%** ▲	**67%** ▲
Feedback from employees through the annual employee survey	Feel we have an inclusive culture	Feel we promote a safe workplace culture	Feel engaged with our strategy	Feel empowered to do the right thing	Trust in senior leaders

▶ ▲ ▼ A full survey was carried out in 2023/24. This year's results reflect responses to a pulse survey with a condensed question set. Trends are based on a like-for-like basis.

Hearing from and responding to employees

The Board is committed to making sure that everyone is able to voice their opinions through an appropriate channel. Board members engage with employees in various environments, roles and locations. These activities give insights into people's experiences and views, and strengthen the connection between the Board and SSE employees.

- **Employee sessions:** in-person and virtual meetings to gather employee perspectives and insights.
- **Employee surveys:** all-employee surveys to capture employee views which help measure progress, assess culture and guide initiatives and decisions.
- **Digital and written communication:** including updates that share and reinforce strategic and cultural messages with employees.
- **Roadshows and conferences:** virtual, face-to-face or hybrid events to interact with employees and embed SSE's purpose, strategy and culture.
- **Site visits:** visits to enhance understanding of the working environment and interact with employees on site.
- **Focus groups:** small group sessions to discuss key topics and learn valuable insights.
- **Employee representatives and groups:** consulting and engaging with employee representatives including trade unions and employee-led Belonging in SSE communities.

SSE's annual all-employee survey helps the Board understand what matters most to employees. Guided by the survey results, senior leadership have continued to engage with employees on SSE's strategy and net zero ambitions.

- **Post-AGM engagement:** Board members hosted a virtual meeting open to all employees and an in-person meeting with 25 employees commended during the year through SSE's employee recognition platform. These discussions gave the Board insight into how colleagues feel they contribute to SSE's strategy, their understanding of it, and how the Board can help them further engage with net zero.
- **SSEN Transmission:** John Bason spent a day visiting sites in north-east Scotland, including Peterhead, Eastern Green Link 2 and Netherton Hub. The visits gave John an appreciation for the scale of the net zero challenge that the Transmission business is working towards and allowed him to meet with teams working on a range of projects. John attended a roundtable session with the wider project team to learn more about the opportunities and dependencies of these projects.
- **2024 graduate programme:** The induction event in Glasgow welcomed 141 new graduates into the business. New starters were able to engage with members of the Board, including Lady Elish Angiolini and Helen Mahy, to discuss SSE's strategy, culture, vision and values.

▼ The AGM provides an opportunity for employees to spend time with the Board

Spotlighting SSE's star performers

SSE encourages employees to nominate outstanding work contributions from colleagues through its digital employee recognition platform. Last year the platform drew 13,000 nominations over six months.

At the AGM held in Perth in July 2024, the Board and senior executives met some of the nominated employees to listen to their perspectives on working life at SSE. Employees indicated how much they valued the inclusive, supportive and broadly non-hierarchical culture of SSE, as well as the flexible working arrangements. Colleagues wanted to hear more on career progression, inclusion and diversity, and innovation.

The in-person session included non-Executive Directors Lady Elish Angiolini, Melanie Smith, Helen Mahy and John Bason, and Executive Directors Martin Pibworth and Barry O'Regan. The event format included table discussions with Directors rotating every 30 minutes, while 4,000 colleagues joined a virtual Q&A session with a mix of executives.

15
Board site visits and engagements

11
Board-led virtual sessions

12
Sessions with the Non-Executive Director for Employee Engagement

35,900
Overall employee attendance at Board-led virtual sessions

6,950
Largest audience size

Taking the lead on employee engagement

Wider Board engagement is strengthened by a comprehensive programme led by SSE's Non-Executive Director for Employee Engagement, Lady Elish Angiolini. This programme shapes new opportunities for engagement by building on existing channels of communication. Examples of how Lady Elish engaged with employees during the year and the observations she shared with the wider Board are below.

Engagement	Observations
Medway Power Station Lady Elish visited Medway Power Station to meet with operational colleagues and discuss decarbonisation options. She heard insights into safety processes and culture at the station, along with useful views on the skills development programme. Colleagues also shared how they see their role in SSE's strategy and wider culture.	– The need for Board oversight of safety and cyber security, particularly with contracting partners, was highlighted. The Board ensures this through the SSHEAC, which works with senior management to enhance safety performance. See pages 122 to 125. The Board also regularly appraises cyber security. See pages 96 and 97. – Developing skills and fostering a talent pipeline continues to be important. The Board receives updates on organisational capabilities through the Nomination Committee. See pages 107 to 112.
Energy Customer Solutions Lady Elish visited the Energy Customer Solutions business in Dublin. She discussed approaches to helping customers work towards net zero and new technologies to improve customer experience. Colleagues also shared their experiences of internal long-term career development programmes. The team then invited Lady Elish to visit a social housing insulation project, where the installation team shared their understanding of how their work supports the local area and the journey to net zero.	– Insights into what makes SSE a good employer through views shared on teamwork, career development and technological innovation. – A strong programme of internal communication is important in sharing information widely about projects being done and the positive impacts these can have on communities and the transition to net zero.

"I had the privilege of engaging with employees across various environments and locations. I deeply appreciated the openness with which they shared their insights. It was heartening to see the strong understanding among our employees of how their work contributes to SSE's purpose of building a better world of energy."

Lady Elish Angiolini
Non-Executive Director for Employee Engagement

Understanding shareholder views

The Board prioritises engagement with investors to better understand their strategic, financial, governance and sustainability expectations when making key decisions.

Institutional investors

A comprehensive engagement programme with institutional investors reaches around 45% of SSE's issued share capital annually. The timeline below summarises the Board's interactions in 2024/25. The Board is kept informed of investor sentiment through feedback after each engagement, monthly investor and market reports, and independent reports from SSE's brokers. Examples of how such engagement influenced decision making are set out on this page.

Retail shareholders

Retail shareholders are supported through a dedicated helpline and online Investor Centre managed by SSE's registrar, Computershare Investor Services plc. The Investor Relations team and Company Secretariat support as required, and the Chair is kept informed as appropriate. SSE's investor website also provides information, including regulatory news and published reports.

The Board has endorsed initiatives to efficiently manage SSE's share register, engage with retail shareholders and prevent their assets from becoming dormant. These include an asset reunification programme in conjunction with Georgeson, a subsidiary of Computershare. See page 284 for details of this programme.

For more on how the Board engages with shareholders and debt providers, see page 103. See pages 95 to 96 for more on how investor views are considered by the Board.

Engaging with investors and shareholders on ESG issues

Open and transparent discussion around ESG issues is a key feature of SSE's programme of investor engagement. Meaningful sustainability credentials remain a key measure for investors, analysts and brokers when judging SSE's non-financial performance.

In July 2024, SSE held its first in-person ESG roundtable to update investors ahead of the AGM on SSE's progress against its climate ambitions. The session also looked at how the Company works to balance social, environmental and economic impacts as it transitions to net zero.

The roundtable gave institutional investors an opportunity to engage directly with SSE's Chief Commercial Officer, Chief Financial Officer and Chief Sustainability Officer. The discussion prompted useful debate on a similar range of topics to those covered when SSE met other investors during the year. They included progress against SSE's Net Zero Transition Plan, how SSE is engaging with communities near its planned electricity transmission projects, and SSE's scope 3 emissions and net zero transition plans for thermal joint ventures.

Net Zero Transition Report – resetting voting frequency

As a result of work with the investor group Climate Action 100+, a framework for annual voting on SSE's Net Zero Transition Report was approved at the 2021 AGM. The Transition Plan Taskforce has since published guidance and recommended a three-year review cycle for transition plans. After consulting shareholders throughout 2024/25, the Board noted clear investor support for moving from a one- to three-year cycle for preparing Net Zero Transition Reports for consideration by shareholders on an advisory basis. Climate Action 100+ also supported this change to enhance engagement and promote more meaningful disclosures over a longer period. The Board has decided to table a resolution at the 2025 AGM that will reset the framework and establish a three-year cycle for voting on SSE's Net Zero Transition Report.

Progress against SSE's carbon targets and net zero transition plan will continue to be published yearly in SSE's Annual and Sustainability Reports.

Consulting on remuneration

When developing the 2025 Remuneration Policy to be proposed for approval at the AGM, the Board sought the views of shareholders representing around 55% of the issued share capital. See pages 126 to 130 for details on this consultation process and how shareholder feedback shaped the proposed policy.

Engagement highlights

The Board interacted with shareholders in a range of ways during 2024/25, supported by senior management and the Investor Relations team.

June 2024
Executive Directors met with shareholders during the post-full year results investor roadshow.

July 2024
The Chair, and in some cases the Senior Independent Director, met with 11 of the top 20 shareholders during a pre-AGM roadshow.

The Board considered and approved the Q1 Trading Statement.

The Board attended the 2024 AGM in Perth and responded directly to shareholder questions.

September/October 2024
Executive Directors attended industry conferences.

November/December 2024
Executive Directors met with shareholders at the post-half year results investor roadshow.

The Board considered and approved the half-year report for the year ended 31 March 2025.

January 2025
Executive Directors attended industry conferences.

January/February 2025
The Board considered and approved the Q3 Trading Statement.

The Chair and the Chair of the Remuneration Committee engaged with shareholders on the Remuneration Policy.

March 2025
Executive Directors attended industry conferences.

Our stakeholders and Section 172 statement

SSE operates under an implicit social contract in delivering its strategy. This places key stakeholders – the people, communities and organisations affected by its actions – at the heart of its decisions.

The Board fosters a reciprocal relationship with stakeholders that results in meaningful influence across business plans and objectives. While situations will exist where not every stakeholder interest can be addressed, stakeholder views are considered to the greatest extent possible in decision making across SSE.

This section summarises how the Board has upheld SSE's social contract through the discharge of its duties under Section 172 of the Companies Act 2006. For an introduction to SSE's six key stakeholder groups, see pages 8 to 9.

How we make decisions

Board priorities

It's the Board's duty to lead by example and ensure fair and responsible decision making across SSE. SSE's Governance Framework guides the Board in setting ambitions, parameters and expectations to create long-term success. These expectations are reflected in SSE's purpose, vision, strategy and culture – and in the belief that stakeholder views should be considered when making long-term plans and day-to-day decisions.

Cementing SSE's place at the heart of the clean energy transition remains the guiding principle of stakeholder engagement. Each year, the Board approves a set of engagement priorities which cover the cross-cutting issues requiring meaningful and constructive engagement with all stakeholders. These will frame activities across SSE for 2025/26 and include:

- Continuing to execute against our NZAP Plus targets and ensuring our plans for clean energy investment to 2030 and beyond create value for stakeholders.
- Advocating for policy frameworks that support investment in critical net zero infrastructure, and maintaining alignment with the UK Government's Clean Power 2030 Action Plan.
- Listening to and working closely with communities affected by SSE's operations to leave a positive and enduring legacy through initiatives such as community funds so that everyone benefits from the transition to net zero.

Considering the long term

SSE's strategic approach to creating value for shareholders and society leads to actions with a significant long-term impact. Four 2030 goals (see page 45) and a net-zero-focused strategy guide decision making and provide clear interim milestones up to 2050. Set by the Board, these parameters are integrated into SSE's strategic work and objectives, including in capital investment, the Group budget, dividends and resource planning. SSE's Risk Management Framework – the Group's Principal Risks, Emerging Risks, and Risk Appetite statement – also shape long-term perspectives.

Considering climate impacts

The significant threat that climate change poses to the natural world is integrated into numerous aspects of the Board agenda. SSE is committed to open and transparent disclosure to allow stakeholders to assess its environmental performance and the potential impact of various climate scenarios on future financial performance. See pages 73 to 78 for more.

Considering business conduct

The Board leads and monitors SSE's culture by setting the tone and a framework within which agreed values and behaviours can be demonstrated by employees. This includes doing the right thing through responsible business conduct and making a positive difference for key stakeholders. See page 98 for more.

How we take decisions

Considering our key stakeholders

Employees	Shareholders and debt providers	Energy customers	Governments and regulators	NGOs, communities and civil society	Suppliers, contractors and partners

Our purpose
To provide energy needed today, while building a better world of energy for tomorrow.

Our vision
To be a leading energy company in a net zero world.

Our strategy
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.

Our culture
See pages 2 and 98

The following pages explain how the Board considered stakeholder interests during the year relating to a number of key developments.

Stakeholder engagement and key learnings

SSE's strategic stakeholder engagement is designed to ensure all perspectives are heard and to cultivate a useful understanding of the important issues for SSE's six key stakeholder groups. Aligned with legislative and regulatory requirements, this approach combines business-led and Board-level interactions to enable stakeholders to influence business plans and supporting objectives. For more on how the Board considered stakeholder factors within a number of key developments in 2024/25, see pages 95 to 96.

Stakeholder group	How the Board engaged	What we believe is most important to them
Employees		
SSE's strategy and success depend on the shared talent, diversity, innovation and values of the people it employs. See pages 53 to 56 and 99 to 100	– Employee-focused work by the Non-Executive Director for Employee Engagement. – Site visits and attendance at face-to-face and virtual events, allowing employees to engage directly with Executive and non-Executive Directors. – Regular assessments and reviews of SSE's culture. – Updates on the impact of organisational changes across SSE, to ensure that employees were treated with fairness.	– Employee safety, mental wellbeing, support and resilience. – SSE's employee offering, including reward, benefits, inclusivity, flexibility and career progression. – Understanding employees' contributions to SSE's net zero strategy, ambitions and just transition approach. – Clear communication around the Chief Executive succession process. – Giving all employees a voice and acting in response to the all-employee survey findings. – Continued engagement with senior leaders. – Continued engagement with SSE's Inclusion and Diversity strategy.
Shareholders and debt providers		
SSE must be well-financed, with the ability to remunerate shareholders for their investment, secure debt at competitive rates and grow the business. See page 101	– A programme of physical and virtual Director-investor meetings and roadshows covering key financial announcements, long-term priorities and specific issues at investors' request. – Directors attending investor conferences. – Direct engagement at the AGM, where shareholders asked questions in-person and online. – Executive Directors engaging with the credit rating agencies used by debt providers.	– Financial and ESG performance compared to market expectations. – The effect of competition, cost pressures, government policy and supply chain constraints on returns and delivery timelines from renewables investments in GB, Ireland and new markets. – Progress on the construction of large capital projects. – Optimising capital allocation across SSE's Business Units. – Ensuring the Remuneration Policy aligns with strategic priorities. – Insights into the enduring role of SSE Thermal in providing flexibility in a changing and volatile market environment. – Refinancing requirements, liquidity and the level of protection against interest rates. – SSE's hedging position and the Group's earnings exposure to energy commodity prices.
Energy customers		
Consumers create demand for the energy and services SSE provides and set the tone for our purpose. See pages 49 to 50	– Updates from SSE's customer-facing Business Units on the influence of customer factors on business direction and propositions. – Monitoring performance to ensure an appropriate level of customer service and investment. – Updates on the SSE response and support for customers during significant storms.	**Networks customers** – The impact of increased severe weather events with a focus on investment, communication and support for vulnerable customers. – Improved customer services and connection processes in SSEN Distribution. – Driving efficiency in the execution of RIIO-ED2. – Investment in network resilience. **Energy supply customers** – Energy efficiency and decarbonisation measures for business and domestic customers. – Energy affordability and available funds and support mechanisms. – Customer experience, particularly around wait times and support.

Our stakeholders and Section 172 statement continued

Stakeholder group	How the Board engaged	What we believe is most important to them
Governments and regulators		
SSE relies on policy frameworks and public services that support investment in critical national infrastructure, are fair on customers, and maintain the momentum behind net zero. See pages 4 to 5 and 94	– Direct constructive engagement with the UK Government, new Irish Government, regulatory bodies and political stakeholders. – Overseeing the implementation of SSE's Political Engagement Policy and related advocacy priorities. – Monitoring engagement with and responses to regulators to make sure strategic, financial, operating and investment frameworks stay aligned to the external landscape. – Supporting SSE's advocacy for policy frameworks that encourage investment in carbon capture and storage and hydrogen.	– Accelerating infrastructure delivery to improve energy security and decarbonise the sector, in line with the UK Government's Clean Power 2030 Action Plan. – Strategic investment in networks to facilitate net zero and improve energy resilience. – Evolving the electricity market and supporting mechanisms to continue to invest in UK energy infrastructure. – Constructive dialogue on planning and consents with the Department for Energy Security and Net Zero. – Continuing to build support for the RIIO-T3 framework to accelerate network investment through to 2031.
NGOs, communities and civil society		
SSE needs the support of the communities it works in and the backing of civil society to pursue a just transition to net zero. See pages 56 to 59	– Receiving and approving updates on SSE's 2030 goals aligned to the UN Sustainable Development Goals. – Considering the community impact and benefit of large capital projects including the approach to consultation. – Deepening understanding of local community priorities through site visits. – Overseeing SSE's community investment model in the UK and Ireland and approving underlying investment fund principles.	– Net zero transition planning considering both social and nature interdependencies. – The allocation and impact of SSE's community investments. – The cost of energy, particularly in the context of current high costs for energy users. – Restoring nature, adding value to natural capital, and preventing harm to species and ecosystems. – Balancing local communities' socioeconomic needs with the national demand for infrastructure to meet the UK's climate ambitions. – Policies and practices that support a just and fair transition to net zero. – Maintaining high employment standards, including Living Wage, safe workplaces, and a culture that promotes inclusion and diversity. – The responsible behaviour of large businesses including tax policies and tax transparency. – Clear communications when responding to storms and maintaining network resilience.
Suppliers, contractors and partners		
SSE relies on a healthy supply chain and works with partners whose capabilities offer synergies for innovative project development and efficient ownership structures. See pages 51 to 52	– Executive Director meetings with strategic partners and suppliers. – Board-wide engagement with key supplier partners through the annual strategy day. – Updates on joint venture project strategy and progress. – Reports on contractor safety performance and initiatives.	– The management and mitigation of health and safety risks on SSE's sites. – The impact of supply chain constraints on large capital project delivery. – Improving procurement approach to minimise risk exposures in high-risk jurisdictions. – Economic opportunities in local supply chains. – Ensuring supply chain resilience and sustainability through mitigating and managing key environmental and social impacts. – Ensuring supply chain respect for human rights and addressing modern slavery concerns. – The approach to project decisions and innovation. – Prompt payment and fair expectations around project delivery.

Assessing Board performance

The Board undertakes a yearly review of the impact of its activities, the strength of its decisions, and the unique contributions made by each Director. This scrutiny ensures its ongoing performance, growth and effectiveness.

Progress against 2023/24 actions

The Board made progress on areas highlighted as opportunities for refinement following last year's Board performance review.

Previous opportunities for refinement	Progress on actions agreed by the Board
NZAP Plus execution and growth	The Board has continued to enhance its oversight and engagement with management on the NZAP Plus. It receives regular progress updates on performance and execution, as well as project-specific deep dives (pages 94 to 96).
Enhancing stakeholder engagement	The Board considered supply chain dynamics and heard directly from external speakers, including suppliers, at the annual strategy day. The Board continued to consider policy developments and oversaw an extensive programme of engagement with policymakers and regulators (pages 94 and 102 to 104).
Board succession and Committee Chair changes	The Board, supported by the Nomination Committee, has conducted a comprehensive review of Board composition, skills and tenure. This year, effective succession planning has resulted in the appointment of Martin Pibworth as Chief Executive designate and Hixonia Nyasulu as Senior Independent Director designate (pages 107 to 112).

2024/25 independent Board performance review process

This year's Board and Board Committee performance reviews were externally facilitated by Heidrick & Struggles, with Alice Breeden as the Principal Reviewer. This was the only contractual connection between SSE, the individual Directors and Heidrick & Struggles. Heidrick & Struggles have reviewed this section and agreed that its contents are accurate. This review is in full compliance with the Chartered Governance Institute's Code of Practice for Independent Board Reviewers.

STAGE 1
Choosing an independent provider

- Several Board performance review providers were invited to provide a proposal for this year's review.
- An initial shortlist of respondents were interviewed about their proposal. Areas explored included their approach, previous experience, cultural alignment through shared values, communication style and use of digital platforms.
- A final shortlist of two candidates were each interviewed by the Chair, Senior Independent Director and Group General Counsel and Company Secretary. A recommendation was then made to the Nomination Committee and the Board, and Heidrick & Struggles were confirmed.

STAGE 2
Designing the performance review

The review approach – including interviews, a questionnaire, document review, meeting observation and capability review – was agreed in discussions with the Principal Reviewer to ensure a comprehensive assessment of all aspects of the Board's effectiveness.

STAGE 3
Conducting the review

- Between July and October 2024, the Principal Reviewer interviewed each Board member as well as the Group General Counsel and Company Secretary. The interviews included open conversation and discussion of topics relevant to the effectiveness of the Board and its Committees.
- Between September and October 2024, Board members completed a questionnaire rating the extent to which they agreed with statements.
- The Principal Reviewer attended the November 2024 Board meeting in person to observe Board dynamics and operations in action.
- A range of documents, including Board and Board Committee materials, agendas and minutes, was thoroughly reviewed. This also supported the capability review.

The Group General Counsel and Company Secretary facilitated this process by ensuring that Heidrick & Struggles had appropriate access to Board members and the materials needed for the review.

STAGE 4
Reviewing the report, discussions and actions

- Heidrick & Struggles produced the Board and Board Committee performance review reports for review in December 2024.
- The Chair, Chief Executive and Group General Counsel and Company Secretary met with the Principal Reviewer to discuss the report findings before these were shared with the Board.
- The Principal Reviewer presented the review findings to the Board in person at the January 2025 meeting. This gave members the opportunity to discuss the findings and to share their thoughts on key strengths and opportunities for refinement.

2024/25 independent Board performance review findings

The findings of this independent Board performance review were very positive, with the Board found to be operating effectively and led by a strong Chair. Key strengths included:

- **Board dynamics and commitment.** Board members were united in their commitment to support SSE's growth and success. This commitment extends beyond the boardroom through mentoring and coaching individuals across the Company and actively engaging with SSE's talent pipeline.
- **Robust composition.** The Board's composition was seen as strong and fit for the strategic direction of SSE, with each Board member bringing distinct strengths. Recent appointments have further enhanced the Group's composition and skillsets through expanded industry backgrounds, international experience and non-UK and Ireland perspectives.
- **Effective governance processes.** The review highlighted that the Board had strong and continually improving governance processes, reflecting its commitment to fostering transparency and collaboration. Informed discussions with Board materials have become more concise and focused.

While the review findings were highly positive and confirmed the Board was operating effectively, as with all balanced processes opportunities for refinement were highlighted.

Opportunities for refinement	Commentary and actions
Executive talent and succession planning	While highly complimentary of the composition of the Board, the review suggested continuing to focus on executive talent and succession planning. Supporting actions agreed by the Board included: – Continuing both formal and informal talent engagement between all Board members and the talent pipeline at varying levels of seniority. – Formal governance arrangements supporting the Chief Executive succession. – A detailed onboarding programme for Hixonia Nyasulu ahead of her appointment as Senior Independent Director, becoming effective after the AGM in July 2025.
Oversight and further alignment on opportunities	In light of SSE's ambitious growth strategy, the review highlighted an opportunity to strengthen alignment on international markets. As a result, the Board agreed to dedicate additional time during the June 2025 strategy day to explore strategic principles around potential international opportunities.
Board operations	The review highlighted ongoing work to refine Board operations, questioning whether more time should be allotted for non-Executive Directors to discuss topics. Supporting actions agreed by the Board included: – Providing additional feedback and training to improve submissions to the Board through the continued use of paper templates and executive summaries. – Prioritising and reviewing agenda requirements against time constraints for Board meetings. – Additional non-Executive Director meetings outside of Board meetings to allow for additional discussion, with the first of these taking place in March 2025.

Chair performance

In conjunction with the SID, it was agreed that the performance of the Chair would be evaluated as part of Heidrick & Struggles' review. This found that the Chair encourages open communication and diverse perspectives, balances support and challenge, and promotes a forward-thinking vision that enriches Board discussions.

He maintains effective relationships with all Directors built on a strong foundation of trust. He supports and drives a committed and inclusive culture that encourages constructive debate. His positive and open tone contributes to effective meetings. The review confirmed that he gives enough time to the role, shows effective leadership and meets the requirements of the UK Corporate Governance Code 2018.

Individual Director performance

Individual Director performance and contributions were assessed through a series of one-to-one meetings with the Chair. These sessions included discussion of personal development and training needs, as well as of boardroom culture and process. The findings, in combination with individual skills (see page 90), time commitments, and independence assessments (see pages 110 to 111) confirmed that each Director continues to contribute positively.

Board Committees

It was confirmed that each Committee provided effective Board support. The Chairs oversaw specific findings and the agreement of actions for their Committee, while also considering the findings of the overall Board performance review. Each Committee will continue to monitor progress – see pages 107 to 153 for details in Committee Reports.

Nomination Committee Report

"We've worked extensively on succession planning for the Chief Executive and Senior Independent Director positions to prepare for significant Board changes in the coming year."

Sir John Manzoni
Committee Chair

The role of this Committee

The Nomination Committee brings a dedicated focus to people-centred matters. It leads the process for Board and executive appointments, monitors senior talent pipelines, promotes leadership diversity, and ensures that proper procedures are in place for the nomination, selection, training and evaluation of Directors.

For details of the role and responsibilities of the Committee, see its Terms of Reference on **sse.com**.

I'm pleased to present our Committee report for 2024/25. This sets out the key activities and matters considered by this Committee in what has been a particularly busy year.

We've worked extensively on succession planning for the Chief Executive and Senior Independent Director positions to prepare for significant Board changes in the coming year. This report explains how we've supported the Board in securing successors for these pivotal roles. It also covers changes to Board Committee composition, Hixonia Nyasulu's tailored induction, Directors' time commitments, non-Executive Directors' independence, and our ongoing focus on succession and diversity at Board and senior management level.

Chief Executive succession

After the November 2024 announcement that Alistair Phillips-Davies will retire as Chief Executive in 2025, our Committee focused on developing succession plans to ensure a robust selection process for the role. We engaged executive search specialists Korn Ferry for advice and support.

This process involved an external search, as well as benchmarking and evaluating our internal talent pipeline. Our Committee agreed a detailed Chief Executive Success Profile laying out the desirable attributes, skills and experience, and this was used in considering potential candidates from a diverse range of backgrounds. Members of this Committee met with shortlisted candidates, and those who progressed also took part in leadership assessment interviews and psychometric evaluations.

At the end of this competitive process, our Committee was delighted that the Board approved our recommendation to appoint Martin Pibworth as our new Chief Executive. Martin is a proven industry leader, with deep sector experience and a highly strategic outlook. He clearly has the attributes needed to be a successful Chief Executive at this exciting time for SSE – and will formally take over from Alistair after our AGM on 17 July 2025.

Board changes

With Senior Independent Director (SID) Helen Mahy reaching the end of her Board tenure in 2025, we assessed the Board's composition and agreed that a new Board member would bring fresh perspectives to this key role. With the support of executive search firm Russell Reynolds Associates, we began a comprehensive search for a new non-Executive Director to replace Helen.

This rigorous process resulted in our recommendation that Hixonia Nyasulu be appointed as a non-Executive Director and SID designate. We were confident that her significant international experience at Board level and knowledge of capital-intensive, safety-critical businesses would enhance the Board's leadership and governance capabilities. The Board approved our recommendation, and we were pleased to welcome Hixonia to the Board on 1 January 2025.

Hixonia will take over as SID when Helen steps down from the Board after our 2025 AGM. We would like to thank Helen for her valuable contribution to SSE throughout her time here.

Priorities for 2025/26

The outcomes of the Board and Board Committee's performance review facilitated by Heidrick & Struggles (see pages 105 to 106) have given us a clear plan for the year ahead. A key focus will be working with Executive Directors and Group HR to monitor the effectiveness of action plans to enhance the diversity and breadth of experience of the Group Executive Committee and senior leaders.

Given the significant changes to our leadership this year, we'll continue to consider Board succession plans and particularly Committee Chair roles in the context of planned Board departures. We'll also oversee the transition of the key roles of SID and SSHEAC Chair to Hixonia Nyasulu and Dame Angela Strank, respectively.

With a successor for the Chief Executive role now secured, we'll also work closely with the Group General Counsel and Company Secretary to ensure a focused and tailored induction. We look forward to supporting Martin as he leads SSE through its next phase of development and growth.

On behalf of the Committee, I'd like to thank you for reading our report. We hope you find it an informative and clear account of our work during the year.

Sir John Manzoni
Chair of the Nomination Committee

20 May 2025

Governance

Membership and attendance

The Committee comprises all SSE non-Executive Directors and the Board Chair, who is also the Committee Chair. The Group General Counsel and Company Secretary is the Secretary, and Executive Directors attend meetings as appropriate. See pages 87 to 90 for member biographies. The Committee met nine times in 2024/25, with attendance set out on page 93.

Board and Committee performance review

The Committee oversaw a robust process to choose an external provider for the 2024/25 Board and Board Committee performance review (pages 105 to 106). This resulted in the Committee approving the appointment of Heidrick & Struggles.

The annual review of Committee performance confirmed that the Committee continued to operate effectively and led to agreed actions for 2025/26.

Review confirmed	– The Committee is **led by a strong Chair** who proactively drives succession planning with a focus on diversity. – A **strong Director onboarding process** has been established by the Committee, with a customised induction programme tailored to each new Board member. – The Committee **effectively uses sub-groups** to lead focused discussions. – Committee members **actively engage with SSE's pipeline of emerging leaders** through talent sessions, Board presentations and informal interactions.
Actions for 2025/26	– **Further accelerate executive planning processes** by continuing to regularly review the talent pipeline. – **Continue to focus on enhancing the diversity** around the organisation and breadth of experience of the Group Executive Committee. – **Consider Committee Chair** succession and ensure a smooth transition process for the SSHEAC Chair given the specialised nature of that Committee.

Ensuring effective leadership

Board composition

As the biographies (pages 87 to 90) and tables outlining the Board's composition and competencies (page 90) show, the SSE Board is diverse in terms of skills, experience, gender and ethnicity.

This Committee regularly assesses Board composition against the criteria it believes is needed to effectively lead SSE in delivering its strategy, setting and overseeing the desired culture and values, and ensuring long-term sustainable success. The Board's skills matrix sets out what these attributes are (page 90) and this is used to guide succession planning. The Board's Inclusion and Diversity Policy, planned departures, and the regulatory landscape in which SSE operates also inform this process.

Board renewal

Having identified the need for a non-Executive Director to succeed Helen Mahy as SID, in 2024/25 this Committee was instructed by the Board to initiate a comprehensive recruitment process. As set out in the Chair's introduction to this report, the Committee recommended to the Board that Hixonia Nyasulu be appointed as a non-Executive Director and SID designate. The Board approved this recommendation, and Hixonia joined the Board on 1 January 2025. Details of the appointment process are in the table on page 109.

After the AGM in July 2025, Helen Mahy will retire from the Board having served just over nine years. To ensure a smooth transition of the SID role to Hixonia Nyasulu, a limited time extension to her tenure was approved by the Board as recommended by this Committee.

During 2024/25, this Committee recommended to the Board that Lady Elish Angiolini and Debbie Crosbie, both of whom had completed their initial three year-terms as non-Executive Director, be appointed for second three-year terms. The Board also approved the Committee recommendation that Melanie Smith be appointed for her third three-year term. These recommendations were supported by the continued independence, experience and contribution of these Directors. No Director took part in discussions or decisions related to their own re-appointment.

Chief Executive succession

After Alistair Phillips-Davies announced that he would retire in 2025, the Board, building on its long-term Chief Executive succession planning activity, asked the Chair to lead the recruitment process working with this Committee.

Throughout the process, this Committee acted in line with the Board's Inclusion and Diversity Policy (see page 112) and considered the benefits of diverse representation. As set out in the Chair's introduction to this report, the process resulted in the Committee recommending to the Board that Martin Pibworth be appointed as Chief Executive. The Board approved this recommendation, and Martin will formally take over from Alistair Phillips-Davies after SSE's AGM on 17 July 2025. Details of the appointment process are in the table on page 109.

Alistair Phillips-Davies will step down from the Board at the end of the 2025 AGM before leaving SSE in November 2025. He will remain as non-Executive Chair of SSEN Distribution during this time.

Key roles appointment process

	Process for appointing a new Independent non-Executive Director and SID	Process for appointing a new Chief Executive
STEP 1: Confirming objectives	The Board and Nomination Committee agreed that a new non-Executive Director would bring fresh perspectives to the SID role. While this was the primary objective of the recruitment process, the Committee also saw the opportunity to close potential gaps in experience and diversity, particularly in the context of planned Board departures.	After Alistair Phillips-Davies announced his intention to retire during 2025, the Board delegated authority to the Chair to lead the recruitment process with this Committee. The Committee assessed existing succession plans for the Chief Executive role and agreed on a selection process, in which external and internal candidates with diverse backgrounds and experience would be considered.
STEP 2: Engaging an external recruitment firm and agreeing the role specification	Russell Reynolds Associates* was engaged to support this process. They worked with the Committee to refine the role specification setting out the attributes needed to be an effective SID and enhance the Board. These attributes included: – Board-level experience at a business of a certain scale and complexity with international operations. – Experience as a non-Executive Director. – Strong interpersonal skills.	Korn Ferry* was appointed to assist with the process and provide advice. They worked with the Committee to refine a Chief Executive Success Profile that set out the attributes needed to lead SSE in successfully executing its existing strategy and the transition to clean power in the future. These attributes were multi-dimensional and included: – Experience in defining, planning, and shaping strategies and initiatives that set organisational direction. – A track record of dealing productively with key external stakeholders such as regulatory bodies, government agencies, industry groups and investors. – The ability to take a global and enterprise-wide lens to issues and build capabilities to scale the business globally at the appropriate time, while staying attuned to local country business and cultural dynamics.
STEP 3: Assessing how the role specification could be met through a longlist	Supported by Russell Reynolds Associates, a longlist of candidates was collated using as broad a brief as possible. A sub-group of this Committee – the Chair, Helen Mahy, Tony Cocker, John Bason and Debbie Crosbie – was given authority to review the longlist against the role specification considering levels of interest, bandwidth and potential conflicts.	Using the Chief Executive Success Profile, Korn Ferry undertook a comprehensive market-mapping exercise to identify and evaluate a wide and diverse range of external candidates. They then presented a number of potential executives for consideration. Our Committee selected a longlist of primary candidates for Korn Ferry to approach and gauge interest, while at the same time assessing the internal talent pipeline.
STEP 4: Reviewing technical and cultural fit to agree a shortlist	The Committee agreed a shortlist of candidates to meet with each member of the sub-group. After these meetings, feedback was given to the full Committee. The Committee then chose a preferred candidate who was invited to meet with the remaining members of the Nomination Committee and the Executive Directors.	Once they had engaged with the longlist of preferred candidates, Korn Ferry fed back to the Committee. After careful consideration, a shortlist of candidates was asked to attend interviews with a sub-group of this Committee: the Chair, Tony Cocker, Helen Mahy, Maarten Wetselaar and John Bason. The interviews were then discussed and a small number of shortlisted candidates were chosen to progress. They undertook detailed assessments with Korn Ferry, including leadership and market interviews and psychometric assessments.
STEP 5: Making a recommendation to the Board	Hixonia Nyasulu was recommended to the Board as new Board member and SID designate. This Committee agreed that Hixonia's skills and experience were in line with the role specification and that she would be a good cultural fit. This followed confirmation of her independence and capacity to take on the role.	The Committee discussed the merits of the final candidates and evaluated the pros and cons of appointing an internal versus an external candidate. Considering the opportunities, risks and skills needed for the future, as well as the complementary skills of the SSE team, Martin Pibworth was chosen as the outstanding candidate. The Board approved his appointment after considering this Committee's recommendation.

* Neither Russell Reynolds Associates nor Korn Ferry have any other connection with SSE or individual Directors. Both are signatories to the voluntary code of conduct for executive search firms.

Nomination Committee Report continued

Committee changes

In appointing Board Committee members and key Board roles, this Committee strives to:

- Ensure alignment between skills and specific Committee and individual responsibilities.
- Prevent undue reliance on any one Director.
- Comply with recognised guidance, including the UK Corporate Governance Code (the Code).

As part of succession planning for the Board roles held by Helen Mahy, the Committee recommended Dame Angela Strank as Chair of the SSHEAC. This was approved by the Board and will take effect after the 2025 AGM. Angela has been a member of the SSHEAC since 2020. She has extensive knowledge of safety, sustainability, health and environmental matters. This includes non-executive experience on Rolls-Royce's Safety, Energy Transition & Tech Committee and as Chair of Mondi's Sustainable Development Committee, and executive experience as BP's Chief Scientist and Head of Downstream Technology.

After a recommendation from the Committee, the Board also agreed that Hixonia Nyasulu would join the Nomination Committee on 1 January 2025 and the Audit Committee and SSHEAC after the 2025 AGM.

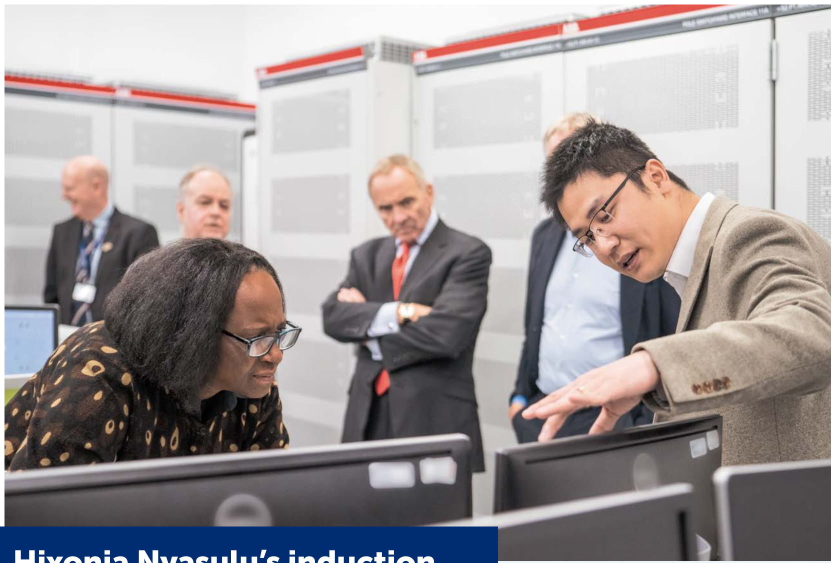
External appointments

This Committee also ensures Directors have the time to perform their roles on the Board and its Committees. Before each Director's appointment, the individual's external commitments and demands on time are assessed to confirm their capacity for the role. The amount of time expected for the role is specified in their Letter of Appointment, and Board members can only accept additional commitments with approval from the Board. Approval is only granted when the Board has reviewed the individual's circumstances and is satisfied that the Director can continue to give enough time to their SSE role.

During the year, approvals were given for Sir John Manzoni, John Bason and Melanie Smith. Key changes are reflected on pages 87 to 90. In each case, the Board was satisfied that the appointment would not affect the Director's time commitment to SSE or create a conflict of interest.

Sir John Manzoni became Chair of Diageo plc on 5 February 2025, having received clearance from the Board in 2023/24. Before assuming this role, he made changes to his external appointments by resigning as Chair of the Atomic Weapons Establishment. In January 2025, this Committee reviewed Sir John's external appointments, considering relevant proxy advisory guidance and investor policies, and reaffirmed that there are no concerns with his ability to devote enough time to meet his SSE responsibilities. The SID chaired the Committee during this process.

▼ Hixonia Nyasulu visits the National HVDC Centre in Cumbernauld



Hixonia Nyasulu's induction

Hixonia Nyasulu joined the Board on 1 January 2025. Her ongoing induction programme is tailored to familiarise her with SSE's operations and key stakeholders. It will prepare her for becoming Senior Independent Director and joining the Audit Committee and SSHEAC in July 2025.

The programme has been delivered in phases, with the most material information provided early on. Hixonia has attended numerous knowledge-based sessions with internal functions and external advisors on a range of topics including: SSE's purpose, strategy and business model; the energy sector and trends; SSE's energy portfolio and long-term energy markets; corporate governance and Board operations; legal and regulatory views of the external environment; and IT and cyber security. She has also visited SSEN Transmission's simulation, testing and training centre for High Voltage Direct Current (HVDC) systems to gain insight into the use of HVDC on the GB transmission network. See page 96.

Senior Independent Director role

Meetings and discussions with Helen Mahy are ongoing, with Helen providing a detailed overview of the key aspects of the SID role specific to SSE. Hixonia has also met with the Director of IR, Director of Corporate Affairs, Regulation and Strategy, and SSE's brokers to become familiar with key stakeholders and their priorities.

Committee roles

Hixonia's induction for her Audit Committee role has included internal sessions with the Chief Financial Officer and senior members of the finance team on financial performance and strategy, funding, assurance, and risk management. She has also attended external sessions with the Group's auditor and financial advisors. For her SSHEAC role, she has met and discussed pertinent matters with the Chief Sustainability Officer, Group Safety, Health and Environment Manager, and Director of HR.

Conflicts of interest and independence

The Committee reviews SSE's Conflicts of Interest Register and the independence of Board members. This involves considering the principles relating to independence in the Code and taking into account each Director's character, objectivity and integrity.

After its review in 2024/25, the Committee recommended that the conflicts or potential conflicts of interest detailed in the Register be authorised and that all non-Executive Directors be seen as independent. This was confirmed by the Board.

Inducting new Directors

All Directors receive a comprehensive and bespoke induction. This is designed with the Chair and Group General Counsel and Company Secretary considering each Director's expertise and potential Board or Committee roles. It includes one-to-one meetings with the Chair, Executive Directors, Group General Counsel and Company Secretary, members of the Group Executive Committee, and other senior leaders.

Inductions familiarise Directors with SSE's operations, strategy, culture, governance, and the regulatory environment in which it operates. They also generally include meetings with external advisors and visits to key sites. Once appointed, Directors are given access to SSE's electronic Board paper system – this contains past Board and Committee papers, key internal policies, and information on the duties of being a Director of a listed company.

Martin Pibworth's tailored induction is ongoing as he transitions to Chief Executive after the 2025 AGM. The programme takes account of his extensive experience at SSE and existing knowledge of the industry and sector. Its primary focus is on the role and responsibilities of a Chief Executive of a listed company, and it includes meetings with advisors, investors and other stakeholders.

To prepare for Dame Angela Strank's transition to SSHEAC Chair in July 2025, meetings have been held with key colleagues on inputs to Committee business, current trends and issues. She will also meet with the outgoing Chair Helen Mahy to review the Committee's operations and ensure a smooth handover.

Capability and development

Succession planning

The Committee works closely with Group HR to support SSE's continued ability to recruit talent and develop the skills, experience and knowledge needed at Executive Director and below-Board level to ensure the Company's long-term success. The internal pipeline of people with the potential to move into key leadership and functional roles, whether in the short or longer term, is regularly reviewed and challenged. Recent hires and external talent pools are also considered.

Building capability and capacity

SSE is committed to investing in its people through targeted development initiatives to build capability. External providers support with some of these initiatives, which are designed to create the education, exposure and experience required to deliver SSE's strategy.

To support this, the Committee regularly reviews development activity and oversees talent programme participation. Members of this Committee also engage with SSE's emerging leaders through talent sessions, Board presentations, informal interactions, and opportunities for coaching and mentorship. Colleagues are invited to present at Board-level meetings, and non-Executive Directors interact with emerging leaders at business-led sessions and internal conferences.

Inclusion and diversity

SSE's Group-wide inclusion and diversity strategy is explained on pages 55 to 56 and in SSE's Inclusion and Diversity Report 2025 available on sse.com. Board and senior leadership diversity ambitions and targets are set in line with the FTSE Women Leaders Review, the UK Listing Rules and the Parker Review. See the table on page 112 for details of the gender and ethnic diversity on the Board and Executive Committee.

Board diversity

The Board aims to set the right tone from the top and foster a diverse culture that welcomes all views, perspectives and experiences. To this end, it operates under a standalone Inclusion and Diversity Policy which aligns its membership with SSE's purpose, strategy and values through agreed principles and ambitions. The full policy can be found on sse.com.

This Committee reviews the policy each year and from time to time recommends changes that may enhance the diversity of the Board and its Committees. No changes were proposed or made in 2024/25. Policy implementation is assessed by reviewing the diversity of the Board and Committees and evaluating progress and compliance against set goals – see page 112.

Senior leadership diversity

The Committee reviews inclusion and diversity at below Board level, including strategy, plans and activities to create a more inclusive and diverse environment. It works with the Executive Directors and Group HR to develop action plans that support SSE's stretching senior leadership diversity ambitions and monitors their progress.

Coaching emerging talent

2024/25 highlights

- Dinners for senior women leaders were held in May and November 2024 and attended by Melanie Smith, Lady Elish Angiolini, Dame Angela Strank and Helen Mahy. These were an opportunity to gather insights and have open and honest conversations in a supportive environment.
- Dame Angela Strank joined SSE's leadership training programme in September 2024 to engage with and support future talent. She noted the strong diversity there – particularly in education, gender and ethnicity – and felt this would create a strong leadership pipeline.
- John Bason, Debbie Crosbie and Helen Mahy went to Group leadership events in Reading and Dublin in January 2025 for both formal and informal interaction. These events provided an opportunity for open conversation, and to observe and informally coach emerging talent.

As reported last year, the Committee endorsed an ambition of 6% ethnic minority representation in senior management to be achieved by December 2027. The Committee is monitoring progress and believes this ambition remains credible and stretching. See page 55 for details on progress across all senior leadership diversity ambitions.

The Committee also worked during the year with Group HR to identify levers to improve gender diversity in the Group Executive Committee and its direct reports. These include programmes to support colleagues returning from extended leave (such as maternity leave), bespoke networking channels, and learning and development programmes. Improving opportunities for diverse candidates will continue to be a priority for this Committee, as every change to the composition of this relatively small group of people can affect how quickly goals are achieved.

More broadly, the Committee was pleased to see positive progress in inclusion and diversity overall at SSE, with stronger representation of women, ethnic minorities and disabled people.

Board Inclusion and Diversity Policy

How the policy links to strategy

People are at the heart of the transformational change needed to achieve net zero, and SSE believes innovative solutions to climate change require diverse views, experiences and skills. A diverse Board brings constructive challenge and fresh perspectives to discussions. The principles of equality, fairness, inclusion and diversity must be at the centre of everything SSE does to effectively drive the transition to net zero.

Policy principles

Leadership and composition

– Identify Board and Committee needs including the balance of diversity characteristics.

See page 90.

Recruitment

– Adopt a formal and inclusive Board recruitment process.
– Engage executive search firms who have signed the enhanced code of conduct and discuss ambitions for diverse candidate lists.
– Recruit based on an objective and shared understanding of merit.

See pages 108 and 109.

Culture and strategy

– Nurture an inclusive Board and Committee culture.
– Be aware of stakeholder expectations and challenge targets in wider strategy.

See pages 98 and 111.

Succession

– Oversee work to develop a diverse talent pipeline.

See page 111.

Policy goals

– **Goal.** Board members at least 40% women, with the aim to stay as close to an even gender balance (50%) as possible on a rolling basis.
  ✓ 46% women on the Board as at 20 May 2025. 44% rolling three-year female representation as at 31 March 2025.
– **Goal.** At least one woman in the roles of Chair, Senior Independent Director, Chief Executive or Chief Financial Officer.
  ✓ The role of Senior Independent Director is held by a woman.
– **Goal.** At least one Director from an ethnic minority background.
  ✓ Two Directors are from an ethnic minority background.
– **Goal.** At least one woman as a member of each of the Board Committees.
  ✓ At least two women sit on each of the Board's Committees.

Compliance against FCA Listing Rule 6.6.6(9)

As at the Company's chosen reference date, 31 March 2025, SSE confirms it has met the targets set out under LR 6.6.6(9). In line with LR 6.6.6(10) as at the reference date, the composition of the Board and Executive Management was as follows:

Gender (sex)

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in Executive Management[1]	Percentage of Executive Management[1]
Men	7	54%	3	10	91%
Women	6	46%	1	1	9%

Ethnic background

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in Executive Management[1]	Percentage of Executive Management[1]
White British or other White (including minority-white groups)	11	84.6%	4	11	100%
Mixed/Multiple Ethnic Groups	–	–	–	–	–
Asian/Asian British	–	–	–	–	–
Black/African/Caribbean/Black British	1	7.7%	–	–	–
Other ethnic group	1	7.7%	–	–	–
Not specified/prefer not to say	–	–	–	–	–

1 Executive Management within SSE is the Group Executive Committee including the Committee Secretary.

At the conclusion of the AGM on 17 July 2025, Helen Mahy and Alistair Phillips-Davies will retire from the Board. Martin Pibworth will be appointed as Chief Executive and Hixonia Nyasulu will assume the role of SID (pages 108 and 109). Changes in composition will not affect compliance with LR 6.6.6 and the goals within the Board's inclusion and diversity policy.

Gender information is captured from legal documentation provided by the employee and recorded in SSE's HR data system, which maintains a 100% completion rate. This is what is used when reporting the gender diversity of the Board and Executive Management. Ethnicity data is given voluntarily and can be recorded directly in SSE's HR data system or via a secure online form which feeds into the system. SSE has 100% voluntary completion of ethnicity data at Board and Executive Management level. All diversity data reporting is completed securely and in a way that protects anonymity, so that no one person can be identifiable. All information is strictly confidential in accordance with SSE's Privacy Notice in line with the UK and ROI General Data Protection Regulations (UK GDPR and GDPR 2018 and DPA 2018).

Audit Committee Report

"

We're confident that SSE continues to maintain a strong control environment, ensuring financial integrity and compliance."

John Bason
Committee Chair

The role of this Committee

The Audit Committee provides a dedicated focus to:

– Financial reporting
– External audit
– Internal audit
– Internal controls and risk management

For more details on the Committee's role and responsibilities, see its Terms of Reference on sse.com.

I'm pleased to present our Committee report for the financial year 2024/25. This report sets out the key activities and focus areas considered by the Committee during the year. We supported the Board by providing independent oversight and assurance of SSE's financial reporting, internal controls and risk management frameworks. This year, we also oversaw progress on enhancements to the Group's non-financial reporting metrics, as well as the development of an appropriate non-financial reporting assurance framework.

Assuring non-financial reporting

We recognise that the role of non-financial reporting will continue to grow over the coming years. This provides valuable insights into SSE's performance and strategy, enhancing transparency for our stakeholders. In recognition of this, we agreed to an appropriate risk-based assurance framework. Reflecting rising stakeholder expectations and evolving reporting standards, we have placed particular focus on climate-related disclosures and cyber security.

Following PwC's decision to no longer assure certain sustainability metrics, we undertook a selection process and appointed our External Auditor, EY, to independently assure these metrics. We believe this approach will bring efficiencies by aligning both financial and non-financial information.

Internal controls and governance reforms

We received updates during the year on the work underway to prepare SSE for the changes introduced by the UK Corporate Governance Code 2024 (the Code). A new requirement of the Code is Provision 29. This requires the Directors to formally declare that the Group has appropriate systems to monitor and review the effectiveness of material internal controls and risk management frameworks.

While this change will only apply from SSE's financial year 2026/27, we have proactively taken steps to strengthen our approach to overseeing and assuring our internal controls. We see the changes brought about by the Code as an opportunity to further enhance governance, drive accountability and reinforce stakeholder confidence in our control environment and risk management framework.

In September 2024, we oversaw the launch of SSE's new Financial Controls Centre of Excellence. We endorsed a three-year roadmap to evolve our financial control framework, advance our approach to assurance, and embed a stronger control culture across the business. As part of our oversight, the Financial Controls Team updated us on implementation progress and alignment with our strategic objectives.

Enhancing financial insights

During the year, we established a rolling engagement programme with SSE's Business Unit Finance Directors, who presented to our Committee on their specific areas. These sessions provided updates on the operational and financial dynamics of each Business Unit and have been invaluable in strengthening our oversight and informing our approach to risk, assurance and performance monitoring. They also enabled us to identify opportunities for Finance to provide enhanced support to the Business Units.

I'd also like to recognise the valuable impact that Barry O'Regan has made on both our work as a Committee and the Finance function. During his first year as Chief Financial Officer, Barry has continued to develop our already strong Finance function through structural enhancements and a strong focus on building talent capability. These developments have been complemented by enhanced financial controls, streamlined reporting processes, and a greater focus on strategic planning.

Fair, balanced and understandable

During the year, we successfully ensured the integrity and reliability of the Company's financial reporting.

Our Committee helps the Board make sure that the Annual Report and Accounts are fair, balanced, and understandable and that shareholders have the information needed to evaluate the Company's position, performance, business model, and strategy.

We confirm that the 2024/25 Annual Report and Accounts meet these standards and that the Directors have provided necessary information for shareholders. See page 114 of this report for details of the review process.

Committee changes

Hixonia Nyasulu will replace Helen Mahy as a member of the Committee, as Helen retires from the Board after the 2025 AGM. I'm looking forward to working with Hixonia, who brings significant international energy sector knowledge, as well as UK and international board experience, which will no doubt strengthen our discussions and oversight. I would also like to sincerely thank Helen for her diligent and thoughtful contributions to the Committee.

As a Committee, we're confident that SSE continues to maintain a strong control environment, ensuring financial integrity and compliance. I hope you find this report valuable in understanding how our Committee has worked to ensure this.

John Bason
Chair of the Audit Committee

20 May 2025

Governance

Membership and attendance

The Committee comprises five non-Executive Directors. John Bason and Debbie Crosbie bring strong financial experience. Tony Cocker, Maarten Wetselaar and Helen Mahy bring strong energy sector experience (Helen will be replaced by Hixonia Nyasulu after the 2025 AGM). See pages 87 to 90 for biographies of each member. The Board Chair, CFO, Director of Group Risk and Audit, External Auditor and Committee Secretary also attend each Committee meeting. Senior finance and business managers are invited as required to report on specific business matters.

To facilitate open dialogue, the Committee also meets privately at least twice a year with the Director of Group Risk and Audit and External Auditor without management present.

The Committee met four times in 2024/25, with attendance set out on page 93.

Committee performance review

Heidrick & Struggles facilitated this year's review of the Committee's performance (see pages 105 to 106). This confirmed that the Committee continues to operate effectively and led to agreed actions for the year ahead.

The 2023/24 evaluation identified several key actions: making Internal Audit reporting more accessible, increasing the Committee's knowledge of Business Unit Finance teams, and overseeing the review, enhancement and assurance of non-financial metrics. Good progress was made in terms of Internal Audit reporting and Business Unit Finance teams, and these actions were closed. While progress was also made on non-financial metrics, this will stay on the Committee's agenda.

Review confirmed	– The Committee **operates effectively**, with members being well prepared and engaging in open, pragmatic discussions. – The Committee is **well-structured**, promoting effective governance and financial transparency. – The Audit Chair and CFO have **seamlessly integrated** into their roles on the Committee.
Actions for 2025/26	– Refine the Committee's scope to **focus on key activities** and ensure **papers are streamlined**.

Financial reporting

Financial statements

This Committee reviews and reports on the accuracy and clarity of the half- and full-year financial statements to ensure the Annual Report contains the information needed to assess SSE's performance and strategy. The Finance team worked with the External Auditor to make sure disclosure was adequate and consistent with IFRS, along with ensuring that alternative performance measures were appropriate.

The Committee discussed reports from management and the External Auditor. It considered the significant financial judgements made by management when reviewing the half- and full-year results. And it recommended that the Board approve the financial statements, the Going Concern statement, and the letter of representation to the External Auditor.

See the independent auditor's report on pages 272 to 282 for the approach to key audit matters.

Ensuring a fair, balanced and understandable Annual Report

This Committee helps the Board make sure the Annual Report is fair, balanced and understandable – and that it gives shareholders the information needed to assess SSE's performance, business model and strategy.

This year, the Committee:

- Thoroughly verified its factual content.
- Reviewed reports from the External Auditor on material inconsistencies.
- Received feedback during the drafting process from:
  - Directors and senior management to make sure key messaging aligned with performance and strategy and narrative sections were consistent with the financial statements.
  - Independent senior management to consider messaging and balance.
  - SSE's brokers to ensure consistency and balance.

Management confirmed to the Committee that the assurance framework was followed when preparing the Annual Report.

The Committee advised the Board that they considered the Annual Report as a whole to be fair, balanced and understandable.

Viability statement and Going Concern

This Committee examined and challenged management's assessment of SSE's long-term viability and its ability to continue as a Going Concern, considering SSE's ability to withstand scenarios reflecting its current risk exposures. The Committee was satisfied that the viability assessment process was robust, and that a four-year assessment period remains appropriate.

After reviewing supporting information, the Committee concluded that both the Group and SSE plc as the parent company have enough headroom to continue as a Going Concern. In the unlikely event of not being able to refinance maturing debt, the Group will be able to access the revolving credit facility, defer uncommitted capex, make further cost reductions, and delay or defer dividend payments.

The financial statements have been prepared on a Going Concern basis (see A6.3 Accompanying information to the financial statements).

Significant financial judgements and estimates

The Committee examined the aspects of financial statements requiring significant judgements or estimation uncertainties, which are set out on pages 115 to 117 and note 4. During the year, the Committee received comprehensive reports from both the CFO and the External Auditor regarding these areas as well as other matters they deemed necessary to bring to the Committee's attention. This allowed the Committee to monitor and challenge those views – and EY also reported on the appropriateness of the judgements.

After discussing the accounting treatment with both management and EY, the Committee confirmed that management's judgements were robust and justified.

Enhancing the assurance of non-financial information and disclosures

This Committee closely monitors SSE's approach to fulfilling the controls and assurance requirements for material non-financial reporting disclosures. With increasing mandated sustainability disclosures, improving SSE's integrated assurance of non-financial information is a focus. Future requirements include the EU Corporate Sustainability Reporting Directive (EU CSRD), the UK Sustainability Disclosure Requirements, and updates to the Code.

Throughout the year, the Committee received updates on:

- Current assurance activities across SSE's principal non-financial reporting topics.
- Work being done to establish a controls operating model to support compliance with the Code.
- Progress on developing a risk-based non-financial reporting assurance framework.

In the coming year, the Committee will continue to monitor regulatory changes and implications for SSE while overseeing SSE's progress on non-financial reporting: its governance, controls and integrated assurance.

See the statement on non-financial and sustainability information on page 81 for more.

Sustainability-related disclosures

With the increased focus on sustainability-related financial information, the Committee recognises the need for a governance framework that ensures sustainability-related disclosures meet high standards. The Committee approved the creation of a Group-level Sustainability-related Financial Disclosures Committee (SFRD) to advise, steer and govern sustainability-related disclosures across the Group. The SFRD will report into the Group Risk Committee.

After a process overseen by this Committee, EY was appointed to audit SSE's sustainability metrics from 2024/25 to 2028/29. This will increase efficiencies and alignment between financial and non-financial information.

This Committee also helps direct SSE's approach to climate-related disclosures in both financial statements and throughout the Annual Report. This year, senior management outlined climate-related risks and opportunities as well as assurance arrangements linked to climate-related disclosures to the Committee. Based on this input, as well as positive stakeholder feedback on the clarity of SSE's climate-related financial disclosures, the Committee approved the continued integration of these disclosures throughout the Annual Report. This integration makes disclosures more accessible and reflects SSE's holistic approach to managing climate-related issues.

The Committee makes recommendations to the Board as to whether these disclosures are fair, balanced and understandable in the context of SSE's Annual Report.

The Committee also considered climate change and SSE's NZAP Plus when reviewing the Financial Statements in order to approve the significant financial judgements and estimates.

See pages 71 to 79 for SSE's climate-related financial disclosures.

Significant financial judgements and estimates for the year ended 31 March 2025

Matters considered	How these were addressed by the Committee	Committee conclusions
Impairment testing and valuation of certain non-current assets (financial judgement and estimation uncertainty)		
The Group reviews the carrying amounts of its goodwill, other intangible assets, specific property, plant and equipment and investment assets to determine whether any impairments or reversal of impairments to the carrying value of those assets requires to be recorded. Where an indicator of impairment or impairment reversal exists, the recoverable amount of those assets is determined by reference to value in use calculations or fair value less cost to sell assessments. As well as its goodwill balances, the specific assets under review in the year ended 31 March 2025 are intangible development assets and specific property, plant and equipment assets related to gas storage and thermal power generation. In addition, the Group performed an impairment review over the carrying value of its equity investments in Neos Networks Limited and Triton Power Holdings Limited.	An annual impairment testing and valuation of certain non-current assets exercise is carried out by SSE Finance, with management presenting the outcome of this review to the Committee. In conducting its reviews, the Group makes judgements and estimates in considering both the level of cash generating unit (CGU) at which common assets such as goodwill are assessed against, as well as the estimates and assumptions behind the calculation of recoverable amount of the respective assets or CGUs. Changes to the estimates and assumptions on factors such as regulation and legislation changes, power, gas, carbon and other commodity prices, volatility of gas prices, plant running regimes and load factors, discount rates and other inputs could impact the assessed recoverable value of assets and CGUs and consequently impact the Group's income statement and balance sheet. Further detail of the calculation basis and key assumptions used in the impairment review, the resulting impairment and the sensitivity of this assessment to key assumptions is disclosed at note 15. Detail on the accounting policies applied is included in the Accompanying Information at A1.	The Committee reviewed and challenged the assumptions and projections in the management paper and considered the External Auditor's reporting and findings. Following this review, the Committee supported the judgements made to recommend: – an impairment of £249.6m in SSE's Southern Europe platform's goodwill and intangible development assets primarily due to challenges in the Spanish market, particularly those related to delays and obstacles in obtaining planning permissions and grid connection consents. – exceptional charges recognised in relation to the Group's Operating Model and Efficiency review including a £32.2m of asset impairment charges and £14.7m of other restructuring costs. – an exceptional impairment of Enerveo Limited £13.5m to write-down the value of the assets to their recoverable value. The Committee also supported the recommendation that no impairment or impairment reversal was required to be recognised this year following the impairment review over the carrying value of its equity investments in Neos Networks Limited and Triton Power Holdings Limited, and its gas storage assets.

Audit Committee Report continued

Significant financial judgements and estimates for the year ended 31 March 2025		
Matters considered	**How these were addressed by the Committee**	**Committee conclusions**
Retirement benefit obligations (estimation uncertainty)		
The assumptions in relation to the cost of post-retirement benefits during the period are based on the Group's best estimates and set after consulting qualified actuaries. While the assumptions are believed to be appropriate, a change in these would affect both the level of retirement benefit obligation recorded and the cost to the Group of administering the schemes.	The assets and liabilities of the Group's defined benefit retirement schemes are regularly reviewed and advice is taken from independent actuaries on the IAS 19 valuation of the schemes. The Committee considered how the schemes were valued and the External Auditor's findings on the scheme's key assumptions relative to market practice.	Following this review, the Committee supported the judgements made. See note 23 for details of the calculation basis and key assumptions, resulting movements in obligations, and the sensitivity of key assumptions to the obligations.
Revenue recognition – customers unbilled supply of energy (estimation uncertainty)		
Revenue from the energy supply activities of the Business Energy and Airtricity businesses includes an estimate of the value of electricity or gas supplied to customers between the date of the last meter reading and the year end. See note 4 for details of the estimation. In the prior financial year, the Group's SSE Business Energy segment commenced the migration of customers to a new billing platform, which was completed in the current year. Reflecting the operating stabilisation of the billing platform, the level of unbilled sales and the level of judgement applied in determining the sales accrual has lessened compared to the position at March 2024. For the prior year end, the Group recognised a provision against this accrual to reflect that customer billing delays may result in a deterioration in collection performance. No comparable risk provision was recognised at 31 March 2025 and it is expected that the level of judgement applied will be reduced in future reporting periods as operational performance continues to improve.	This unbilled estimation is subject to an internal corroboration process which compares calculated unbilled volumes to a theoretical "perfect billing" benchmark measure of unbilled volumes (in GWh and millions of therms) derived from historical consumption patterns and aggregated metering data used in industry reconciliation processes. Unbilled revenue is compared to billings in the period between the balance sheet date and the finalisation of the financial statements which has provided evidence of post report date billings and hence support to the accrual recognised. Given the requirement of management to apply judgement, the estimated revenue accrual remains a significant estimate made by management in preparing the financial statements. A change in the assumptions underpinning the unbilled calculation would have an impact on the amount of revenue recognised in any given period. The Committee reviewed the process, issues and assumptions in determining the estimation uncertainty and also considered the findings of the External Auditor.	The Committee considered the Group's judgements in respect of the unbilled sales accrual based on analysis of the improved data from its new billing platform, billing performance in the year and other relevant information. The Committee supported the estimate for revenue recognition from energy supply activities. Note 18 details the sensitivity associated with this judgement.
Impact of climate change and transition to net zero (financial judgement and estimation uncertainty)		
Climate change and the transition to net zero have been considered in the preparation of these financial statements. The Group has a clearly articulated NZAP Plus plan to lead in the UK's transition to net zero and aligns its investment plans and business activities to that strategy. These plans are supported by the Group's Green Bond framework under which the Group's eighth green bond was issued by SSEN Transmission in August 2024 and ninth green bond was issued by SSE plc in March 2025 (see note 4). The eighth green bond funded Transmission network projects, while the ninth green bond financed/refinanced Renewables wind farm projects. The impact of future climate change regulation could have a material impact on the currently reported amounts of the Group's assets and liabilities. In preparing these financial statements, the following climate change related risks have been considered: – Valuation and useful economic life of property, plant and equipment, and impairment assessment of goodwill; – Valuations of decommissioning provisions; – Defined benefits scheme assets; and – Going Concern and viability statements.	The Committee reviewed: – The disclosures regarding the implications of climate change, the NZAP Plus, and related significant accounting judgements. – The approach taken by the Group-level SFRD, which is responsible to steer and govern sustainability-related disclosures. – The Group's climate-related financial disclosures statement, which demonstrates the Group's compliance with UK Listing Rule requirements mandating climate-related financial disclosures under the Companies Act 2006. – Information from EY on the associated audit requirements.	After a presentation on the proposed disclosures and the External Auditor's report on SSE's approach, the Committee approved the basis of reporting and related financial judgement disclosures included in the Financial Statements for the year ended 31 March 2025. See note 15.1 for details of the sensitivity associated with this judgement.

Significant financial judgements and estimates for the year ended 31 March 2025		
Matters considered	**How these were addressed by the Committee**	**Committee conclusions**
Valuation of other receivables (financial judgement and estimation uncertainty)		
The Group holds a £100m loan note due from OVO Holdings Limited following the disposal of SSE Energy Services on 15 January 2020. The loan is repayable in full by 31 December 2029, carries interest at 13.25% and is presented cumulative of accrued interest payments, discounted at 13.25%. At 31 March 2025, the carrying value (net of expected credit loss provision of £1.8m (2024: £1.6m)) is £193.5m (2024: £170.1m) (see note 4). The Group has assessed recoverability of the loan note receivable and has recognised a provision for expected credit loss in accordance with the requirements of IFRS 9.	The Committee considered the steps taken by management to assess all available information in respect of the recoverability of the loan note. Procedures included reviewing recent financial information of Energy Transition Holdings Limited ("ETHL") (the ultimate parent of Ovo Group Limited and its subsidiaries, including Ovo Holdings Limited), including the 31 December 2023 statutory financial statements; and discussions with ETHL management.	Following management's assessment of the recoverability of the loan note, the Committee considered the judgement to be appropriate. While the carrying value is considered to be appropriate, changes in economic conditions could lead to a change in the expected credit loss incurred by the Group in future periods.

External audit

EY has been SSE's External Auditor since 2019 and was re-appointed by shareholders at the 2024 AGM for the financial year 2024/25. After being lead Audit Partner for five years, Annie Graham was replaced by Will Binns for the financial year ending 31 March 2025.

During the year, the Committee received a comprehensive audit plan from EY explaining the audit timetable and proposed scope, key audit matters (see the independent auditor's report on pages 272 to 282), and an assessment of key areas of risk. The audit plan and key risk assessment were reviewed and challenged by the Committee to make sure underlying judgements were robust.

The Committee's actions related to external audit during the year included:

- Receiving updates from the External Auditor on the 2024/25 audit plan and related actions.
- Considering EY's performance, independence and objectivity.
- Monitoring non-audit services provided by EY.
- Reviewing the Group's Non-Audit Services Policy and approving EY's non-audit services and related fees.
- Reviewing the disclosure of information to the External Auditor and approving those arrangements.

Independence and objectivity

The Committee monitors the independence and objectivity of the External Auditor. It reviews:

- Assurances from EY on the safeguards in place to maintain independence.
- The Non-Audit Services Policy and fees paid.
- SSE's policy on employing former auditors.

EY confirmed that all partners and staff complied with their ethics and independence policies and procedures, and that no employees working on the audit held shares in SSE plc.

External audit fees

The external audit fee proposal for the year ending 31 March 2025 was reviewed by the Committee in September 2024. The Committee discussed the reasons for the increased fee with EY. The composition of the Group and the level of complexity requiring an increased proportion of specialist resources were among the factors for the increase. The total External Audit Fee for financial year 2025 was £6.3m (2024: £6.0m), which included:

- Scope changes of £0.8m (2024: £0.9m) related to the previous year's audit.
- Assurance and other service fees £0.3m (2024: £0.3m), includes fees incurred in relation to regulatory accounts and returns required by Ofgem, comfort letters in connection with funding and debt issuance and ESG assurance.
- Non-audit services of £0.3m (2024: £0.2m).

For details of fees paid to the External Auditor, see note 6 to the Financial Statements.

Sustainability Auditor

During the year, the External Auditor was appointed as Sustainability Auditor for SSE's sustainability metrics from 2024/25 to 2028/29. This will increase efficiencies and alignment between financial and non-financial information. Following a process, the Committee recommended to the Board that it believed EY would provide an independent, efficient and integrated sustainability assurance process alongside the financial audit. The Committee was also satisfied that this service did not affect EY's independence.

Non-Audit Services Policy

The Non-Audit Services Policy governs the process by which the External Auditor can provide non-audit services to SSE. The policy was reviewed by the Committee in 2025, in line with the International Ethics Standards Board for Accountants, and will be reviewed again in 2027.

SSE imposes a 70% cap on non-audit fees paid to the External Auditor, based on average audit fees paid over the previous three consecutive financial years. The Committee receives reports at each meeting listing all approved non-audit services to monitor compliance with the policy and this cap on fees. The ratio of non-audit fees to audit fees is approximately 0.05:1.

The Committee was satisfied that the non-audit services provided by the External Auditor did not affect their independence and approved these services in line with the policy and FRC Ethical Standard.

Reappointing the External Auditor

Reflecting on EY's performance, the effectiveness of their audit and their relationship with SSE, the Committee believes it is in the best interests of SSE and its shareholders to continue with EY. The Committee advised the Board to seek shareholder approval to reappoint EY as External Auditor for the financial year ending 31 March 2026.

In line with best practice, SSE will begin a tender process for the external audit contract no later than 2029. The Committee confirms ongoing compliance with the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

Ensuring external audit effectiveness

The Committee oversees the Group's relationship with EY to ensure the independence, quality, rigour and challenge of the external audit process. The Committee's review involves the following key activities.

Key Contributions

Audit Committee

- Monitored performance throughout the year.
- Assessed the audit strategy and independent auditors' report.
- Considered the results of a survey of Audit Committee members, regular attendees and Group Finance.
- Considered the quality of the External Auditor's reporting on key accounting and audit judgements and the skill with which EY applied robust challenge and professional scepticism when dealing with management.
- Met with EY twice during the year without senior management team.
- Meetings held with audit engagement partner and Committee Chair.

External Auditor

- Confirmed its policies and procedures for maintaining independence.
- Provided confirmation that it operates in accordance with the ethical standards required of audit firms.

Management

- Assessed the feedback from a management survey of people subject to the external audit process.
- Received assurance on the process for providing information to the External Auditor.

Regulator

- The UK Financial Reporting Council's (FRC) report on Audit Quality Inspections included a review of audits carried out by EY.

Key Outputs

Results

- The audit partners and team were confirmed to be of high quality, with no significant issues in the feedback.
- The audit was well planned and executed, addressing key findings and ensuring proper engagement on misstatements and materiality judgements.
- EY showed a strong commitment to audit quality, understanding the Group and its internal controls, and focusing on major financial risks.
- The review of management papers, analyses, and discussions with management and the auditor confirmed an appropriate level of challenge during the audit.

Conclusion

The Committee concluded that EY:

- Delivered an effective external audit in line with the audit plan.
- Showed a depth of knowledge in relation to complex issues and gave constructive, independent and objective challenge to management.

Debrief sessions were held between EY and Finance management teams across SSE to consider how to enhance the audit process and environment.

Internal Audit

Internal Audit gives independent and objective assurance to management, the Committee and Board on the effectiveness of SSE's risk management activities, internal controls and corporate governance. The purpose, scope and authority of Internal Audit is defined in its charter, which is approved each year by this Committee.

Internal Audit Plan

Approved by the Committee, the Internal Audit Plan aligns with SSE's operating model, risk profile, control environment and assurance arrangements. Split between a one-year plan and a three-year strategy, the plan sets out the broader areas of Internal Audit's priorities. Where specific skills and expertise are needed, external providers are sometimes brought in to support the delivery of the plan.

During the year, the Committee reviewed, challenged and monitored the implementation of the 2024/25 Internal Audit Plan through regular updates. The Committee discussed findings and audit actions, and challenged management to ensure remedial actions were delivered. The Committee was satisfied with progress against the Internal Audit Plan in 2024/25.

Ensuring effectiveness

This Committee also assessed the effectiveness of the Internal Audit function during the year. The evaluation was based on the results of a survey sent to key stakeholders across SSE, including the Committee itself, Group executives and directors of functions. The External Auditor also gave informal and supportive feedback. The Committee was pleased with the positive feedback from the Board, concluding that Internal Audit provided effective assurance over SSE's risks and controls.

In line with Institute of Internal Auditors' guidance to complete an external assessment every five years and SSE's policy to do one every three to four years, the next independent external assessment will take place in 2027. The previous external quality assessment completed by PwC in 2023 judged the Internal Audit function to be effective.

Internal control and risk management

The Committee oversees and reviews the effectiveness of SSE's system of internal control on behalf of the Board. This covers all material controls including financial, reporting, operational and compliance. Examples of the areas considered are:

- **Financial reporting controls.** SSE's internal financial control environment is designed to protect its assets, prevent and identify significant fraud and errors, and ensure the accuracy and completeness of accounting records used to produce financial information. This year, the Committee continued to monitor the new Financial Controls Centre of Excellence to ensure focused oversight and continuous improvement in controls management. This is a key initiative to prepare for the regulatory reform in the UK that will apply to SSE's financial year ending 31 March 2027. The Committee was pleased with the progress in this area and will oversee the ongoing maturity of the financial control framework. This will remain a key focus for the Committee in years ahead, with regular updates provided at meetings.

- **Cyber security.** Managing SSE's cyber security risks and ensuring proper mitigation is a key focus. The Committee received updates on threats, risks, and proactive improvement plans. The Committee reviewed the outcomes of the updated 2024 cyber maturity assessment framework, noting improvements across Business Units and Central IT to ensure regulatory compliance with the Network & Information Systems Regulations by 2027. The Committee commended the Cyber team for developing a strong culture and a cyber control framework that identifies threats, reduces exposures and drives improvement initiatives.
- **Compliance.** The Committee reviewed and approved the proposed compliance audits for 2025/26. These audits are designed to ensure adherence to the key legislative and regulatory obligations and address risks within the Business Units and across SSE Group. The Committee received bi-annual compliance updates and was satisfied the areas identified were appropriately aligned to the key compliance risks of the business.
- **Anti-Financial Crime.** The Committee received bi-annual anti-financial crime reports from the Group Financial Crime Officer, which included activities across the Group and information on changes to rules and legislation, such as the implementation of the Economic Crime and Corporate Transparency Act 2023. The Committee was satisfied that effective controls were in place to mitigate financial crime risks based on assessments and monitoring activities.

For details on SSE's risk management, see pages 60 to 69.

The Energy Markets Risk Committee oversees internal control and risk management in relation to SSE's energy market related exposures – see pages 120 to 121 for more.

Internal control and risk management effectiveness

The Committee was satisfied that SSE's internal controls operated effectively throughout the year. This conclusion was also informed by an evaluation conducted by stakeholders within each framework of SSE's System of Internal Control (see below).

The Chief Financial Officer assessed these evaluations and submitted a letter to the Committee which summarised the work completed during the year to improve the control environment and recommended the overall effectiveness of the system.

The Committee also considered the letter of assurance evaluations completed each year by the Managing Directors of SSE's Business Units and the Directors of corporate functions. The process considered each framework of the System of Internal Control from a Business Unit and corporate function perspective and included planned improvements. These improvements are tracked, and the Group Risk Committee is regularly updated.

Based on the Committee's review and recommendation, the Board agreed that SSE's System of Internal Control continued to be effective and was in line with the requirements of the FRC Guidance on Risk Management, Internal Control and related Financial and Business Reporting. The Board also confirmed that no significant failings or weaknesses were identified during the financial year and that processes are in place to make sure necessary action is taken, and progress is monitored where areas for improvement are identified.

System of Internal Control

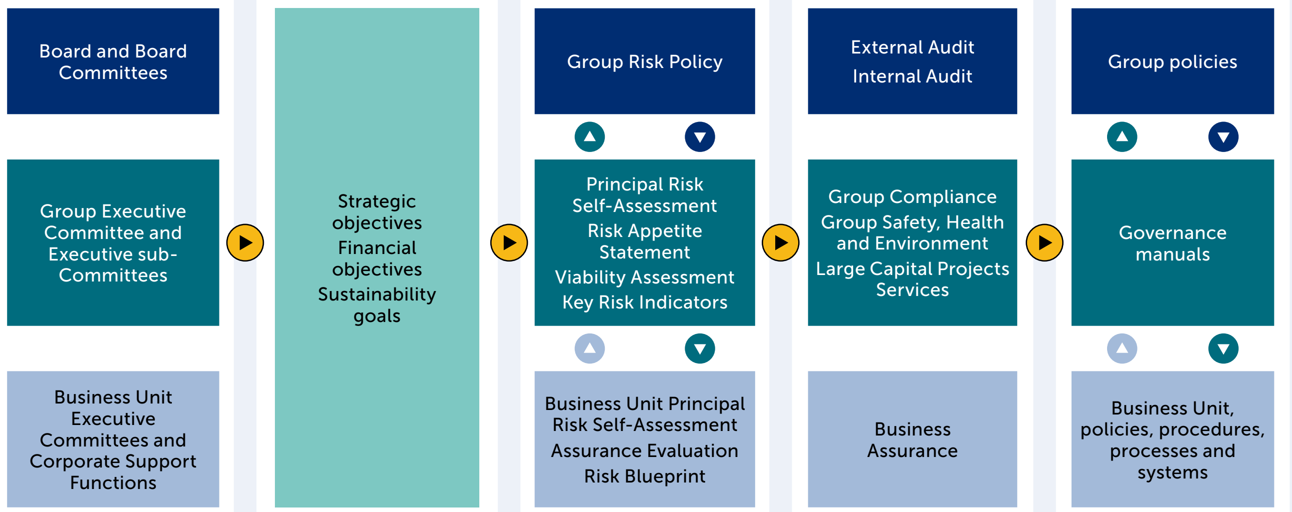
GOVERNANCE FRAMEWORK
Ensures focus on the key components of effective decision making: clarity, accountability, transparency and efficiency. For details, see page 92 of the Governance Report.

STRATEGIC FRAMEWORK
Includes SSE's purpose, strategy, goals, values and business model and is the basis for all activity under the Risk Management Framework. For details, see pages 1 to 7 of the Strategic Report.

RISK MANAGEMENT FRAMEWORK
Supports each Business Unit in managing risks and helps to ensure that the Board meets its obligations. This framework is underpinned by the fundamental principle that everyone at SSE is responsible for managing risk. See pages 60 to 69 for details.

ASSURANCE FRAMEWORK
An integrated programme of audit and assurance activity that's independent of the day-to-day operations of the Business Units and corporate functions. It's made up of Internal Audit, Group Compliance, Large Capital Projects Services and Group Safety, Health and Environment.

STANDARDS AND QUALITY FRAMEWORK
Sets out the expected standards and guidelines to be followed when delivering the Group's core purpose.



Energy Markets Risk Committee Report

"Our work as a Committee is important in maintaining SSE's strong risk management of energy markets and overseeing the governance arrangements around managing portfolio exposures."

Tony Cocker
Committee Chair

The role of this unique Committee

The Committee maintains a dedicated focus on SSE's exposures to market volatility, regulatory complexities and operational and financial risks relating to energy markets. This enables the Board to effectively fulfil its responsibilities for risk management and internal controls in relation to energy markets.

For more details on the role and responsibilities of the Committee, see its Terms of Reference at **sse.com**.

This report sets out our Committee's key activities during 2024/25 and shows how we've continued to monitor SSE's energy market risk exposures.

Our work as a Committee is important in maintaining SSE's strong risk management of energy markets and overseeing the governance arrangements around managing portfolio exposures. This is particularly critical against a backdrop of varied market volatility, fluctuating demand, supply concerns, and geopolitical uncertainty driving price movements.

Through regular monitoring, we help the Board ensure that controls align with SSE's risk appetite and that SSE's approach to risk management remains resilient and responsive in a fast-changing environment.

SSE's hedging approach

We believe that SSE continues to be well supported by its hedging approach. This aims to reduce exposure to commodity price variation related to electricity generation and supply well before delivery, while retaining sufficient flexibility to respond to any wider market changes.

This year, we reviewed analysis of the hedge approach to determine whether this remained optimal. To maximise value in current market conditions, we recommended that the Board approve the acceleration of SSE Renewables' hedge position. During certain periods of unfavourable market conditions for thermal generation, we closely monitored the reduction in hedging activity for SSE Thermal, allowing forward prices to be locked in when opportunities presented themselves.

In addition, we considered the approach to hedging energy output in Ireland. In anticipation of the expiration of the Renewables Energy Feed-In-Tariff scheme – which would create exposure to fluctuating energy prices – the Committee recommended to the Board the implementation of a phased hedge approach in Ireland as those schemes expire.

The updates are reflected in the latest hedging approach statement – see pages 23 to 24.

Risk controls and metrics

Our Committee continued to oversee the performance of SSE Energy Markets: our primary decision maker for all trading periods. This business provides the route to market and manages the execution for all of SSE's commodity trading. Throughout the year, it reported to us on market conditions, liquidity and net Group exposures. It also updated us on its strategy, including expanding its trading capability in new markets, to support SSE's long-term growth ambitions and to manage liquidity exposures in the UK.

To allow this business to take advantage of optimisation opportunities, there is some scope for position-taking. To ensure that this is carried out within acceptable risk levels, we oversaw the strict position limits and risk controls in this respect.

To make sure risks around trading, credit and collateral activities continue to be managed effectively, we also reviewed the related control environment and metrics to make sure appropriate measures are in place. We recommended that the Board approve changes to reflect current market conditions and to ensure operational effectiveness.

Year ahead

Over the next year, we will continue to:

- Oversee energy market risk exposures, including ones linked to expanding into new markets.
- Oversee SSE Energy Market's role as the primary decision maker, including how it supports the optimisation of SSE's asset portfolios and its management of volatility through risk managed trading.
- Monitor macroeconomic developments, focusing on risks stemming from geopolitical events, commodity price fluctuations and volatility, inflationary pressures, and changes in regulatory requirements.

I'd like to thank the members of the Committee for their dedication throughout the year and their significant contributions in supporting our work.

Tony Cocker

Tony Cocker
Chair of the EMRC

20 May 2025

Governance

Membership and attendance

The Committee comprises five non-Executive Directors and two Executive Directors. SSE's Chief Executive and the Managing Director of SSE Energy Markets also routinely attend Committee meetings. See pages 87 to 90 for member biographies. The Committee met four times in 2024/25, with attendance set out on page 93.

Committee performance review

The yearly review of Committee performance was facilitated by Heidrick & Struggles (see pages 105 to 106) and the outcome considered by the Committee.

Review confirmed	– The Committee operates well and **provides valuable support** to the Board. – The Committee plays **a key role in ensuring robust controls** are in place. – The Committee benefits from the leadership of an **experienced and knowledgeable Chair**.
Actions for 2025/26	– **Support with the succession plan for the Chair** to ensure continuity and maintain the effectiveness of the Committee. – **Deep dives or briefings on critical areas** to be provided to the Committee. – **Continue to improve Committee papers** to focus on key points and provide clear summaries to enhance understanding.

Areas of focus for 2024/25

The following is an overview of the work and considerations of the Committee during the year, aligned to its key areas of responsibility.

Overseeing SSE's hedging approach

SSE's hedging approach generally seeks to reduce its broad exposure to commodity price variation at least 12 months in advance of delivery. SSE continues to monitor market developments and conditions and alters this approach in response to changes in its exposure profile.

During the year, the Committee:

- Reviewed, at each meeting, reports on the latest hedge position, including performance against SSE's hedging approach.
- Evaluated the impact of market developments, conditions, and exposures to assess whether the current hedge approach is effective and delivering optimal value.

It was concluded that the current approach remained appropriate to manage SSE's exposure to commodity price variation. The Committee endorsed the hedging disclosure included in SSE's interim and preliminary results statements and recommended this to the Board.

Further details of SSE's hedging approach and position are set out on pages 23 to 24.

Energy market risks

The Committee received regular updates on emerging issues and associated risks across domestic and international energy markets. This included scenario analysis and risk outlooks designed to enhance the Committee's understanding of volatility, geopolitical developments, and regulatory shifts that could affect market dynamics. During a year of varied market conditions, it considered and assessed the potential impact of:

- The future market outlook in the UK and Republic of Ireland.
- Market conditions in the all-island power market (ISEM).
- Regulatory changes including the potential impact of the Review of Electricity Market Arrangements (REMA).
- The impact of geopolitical events.

The Committee was satisfied that associated risks were being effectively addressed and managed. It will continue to assess the impact and mitigation of risks stemming from future macroeconomic developments.

Internal controls and risk management

The Committee evaluated internal controls for managing, monitoring and reporting energy market risks by reviewing:

- Controls relating to trading, credit and collateral activities and related exposures.
- Thresholds set for value-at-risk and stop-loss limits.
- Quarterly Internal Audit reports relating to SSE Energy Markets including the status of any audit actions. This provides the Committee with valuable assurance regarding the effectiveness of energy market risk controls.
- Output from the Group Energy Markets Exposure Risk Committee, an executive-level forum which meets monthly and allows SSE's senior management to review and consider energy market risks and exposures.

This allowed the Committee to assess whether energy market risks and exposures are being effectively and appropriately managed in current market conditions.

The Committee concluded that these risks continue to be managed effectively.

Empowering confidence in future growth

During the year, the Committee undertook a review of SSE Energy Markets' strategy and trading capability. The Committee concluded that SSE is well positioned to monitor and manage its exposures through the continued work of this business. This confidence is further underpinned by a diversified portfolio mix, which allows risk to be mitigated through internal trading and contracts spanning SSE's portfolio of asset and customer businesses.

In support of SSE's long-term growth ambitions, and to manage exposures in the UK, the Committee endorsed a proposal to further increase SSE Energy Market's ability to trade in carefully selected European and international power and gas markets.

As part of this initiative, the Committee also evaluated the related control environment to ensure that robust safeguards are in place for managing associated exposures.

Details of how SSE Energy Markets supports SSE's strategy and its performance during the year are set out on page 39.

Safety, Sustainability, Health and Environment Advisory Committee Report

"By monitoring the implementation of SSE's SHE strategy, as well as its sustainability policies and performance, we support the delivery of SSE's key priorities: to keep our people safe and deliver social and environmental value."

Helen Mahy CBE
Committee Chair

The role of this unique Committee

The Safety, Sustainability, Health and Environment Advisory Committee (SSHEAC) brings a dedicated focus to safety, sustainability, health and environmental matters through:

- Reviewing and monitoring KPIs and other reporting measures in the Group.
- Assessing the effectiveness of related strategy, initiatives, training and targets.
- Overseeing the development and implementation of related Group policies.
- Monitoring the resources, competence and commitment for managing these issues to ensure continuous improvement and a healthy culture.

The Committee's Terms of Reference are available on sse.com.

This report outlines the Committee's activities over 2024/25 and shows how we've worked with senior management to shape policies, targets and strategy to improve safety, sustainability, health and environmental performance.

Here are some highlights from the Committee's year.

Safety

We worked with senior management to enhance safety performance across the Group. The majority of the Committee members have attended SSE's immersive safety training programme. We valued this unique experience and strongly support this investment in culture and safety behaviours.

We also oversaw the work to update SSE's safety, health and environment (SHE) specifications for contract partners.

Dame Angela Strank and I joined SSE's second Group SHE Contract Partner conference, where the revised SHE specifications were announced to 180 contract partners. The conference also highlighted several ongoing safety initiatives and provided an opportunity for awards to be given to people who have gone above and beyond when it comes to safety, taking care of ourselves, each other and the environment. We were pleased with the engagement this produced and see this event as an invaluable opportunity to foster positive safety behaviours with our valued partners.

Our Committee went on various site visits during the year to experience SSE's safety culture. This engagement helps us offer informed input on safety, health and wellbeing, and environment strategies.

Sustainability and ESG performance

To ensure that SSE meets its objective to create value for both shareholders and society, our Committee discussed emerging sustainability strategies and plans during 2024/25. These included the Transmission sustainability strategy which is informed by a detailed impact assessment and stakeholder engagement. We support the Transmission ambition to leave a positive community legacy through housing development in local communities and its Community Benefit Fund, launched in 2024.

We reviewed SSE's performance against key ESG ratings and considered recommended actions going forward. We also approved the publication of the Sustainability Report 2025, which discloses information on the most material economic, social and environmental impacts of SSE's business activities.

Environment

In support of SSE's Net Zero Transition Plan and the Company's environmental activities, we discussed SSE's climate adaptation and resilience plans. We welcomed the establishment of a Climate Adaptation working group reporting into the Group Safety, Health and Environment Committee. This will improve how the Group oversees climate adaptation. We also reviewed and gave feedback on SSE's readiness for the Taskforce on Nature-related Financial Disclosures (TNFD) reporting requirements.

Health and wellbeing

Our Committee valued contributions from Mental Health First Aiders and Wellbeing Champions, as well as stress support initiatives addressing challenges faced by colleagues. We also welcomed the Press Pause Stress programme and a campaign for National Stress Awareness Month.
In January 2025, SSE received the Investors in People: We invest in Wellbeing Platinum Accreditation. This reflects the Company's commitment to supporting colleagues' social, physical and psychological wellbeing.

A new Chair

This will be my final report as Committee Chair, as I will be stepping down after the AGM. Dame Angela Strank will take over as Chair, and I'm confident the Committee will be in excellent hands under her leadership.

On behalf of the Committee, I'd like to thank all employees and partners for their hard work and commitment. I hope this report gives a clear and useful overview of how our Committee has supported and overseen the matters within our remit.

Helen Mahy CBE
Chair of the SSHEAC

20 May 2025

Governance

Membership and attendance

This Committee comprises four non-Executive Directors, the Chair of the Board, the Chief Commercial Officer, the Chief Sustainability Officer, the MD of SSEN Distribution, and the SHE Director. The Chief Executive also attends meetings. With Enterprise integrating into other Business Units, Nathan Sanders, the MD of Distributed Energy, stepped down from the Committee after the November 2024 meeting. Dame Angela Strank will become Chair after Helen Mahy retires, and Hixonia Nyasulu will join the SSHEAC after the July 2025 AGM. The Committee met four times in 2024/25 with attendance set out on page 93.

Committee performance review

The annual review of Committee performance was facilitated by Heidrick & Struggles (see pages 105 to 106) and the results considered by the Committee. This confirmed the Committee's continued effective operation and actions for 2025/26.

Review confirmed	– The Committee has **significantly evolved**, showing strong governance, productive debate and papers that support effective decision making. – There is an **effective flow of information** from the SSHEAC to the Board, enabling seamless communication and alignment on key priorities. – A diverse group of employees, including junior employees, presents to the Committee to bring **a range of perspectives**.
Actions for 2025/26	– **Succession planning** – a comprehensive succession plan for the SSHEAC Chair to maintain the continuity and effectiveness of the Committee's leadership. – **Adaptability** – continuously adapting to changing stakeholder expectations in sustainability and SHE, while being mindful of the Committee's scope and role in relation to other Committees. – **Meeting papers and data** – a continued focus on improving Committee papers and the balance of data, with an emphasis on key insights and concise summaries.

Safety

The SSHEAC gave feedback to management on the SHE plan for 2025/26, which supports the delivery of the overarching 'We all get Home Safe' SHE strategy. There was strong support for building on the existing approach while emphasising that the fundamentals shaping SSE's SHE strategy are unchanged. The SSHEAC also evaluated the Home Safe communication strategy that covered SHE communication, campaigns, and training and engagement for employees and contract partners.

To enhance the Group's safety culture by recognising good behaviours at Committee level, the Committee requested examples of when a colleague's action led to a positive outcome. A report called Positive Actions is now shared in each meeting. This showcases the behaviours of SSE's employees and contractors that promote a safe working environment and celebrates people's contributions to safety, the environment or the community. Stories from the report are shared across the Group to expand learning and encourage implementation.

Safety – monitoring performance

In every meeting, the SSHEAC reviews reports on SSE's safety, health and wellbeing, environmental and sustainability performance. 2024/25 reports covered performance against agreed targets and KPIs, including Total Recordable Incident Rates (TRIRs). They also reviewed incident trends, high potential incidents, significant risks and their mitigations, process and asset safety as well as other key matters emerging from operations and projects across the Group. The SSHEAC also endorsed SHE metrics for 2025/26.

For details on SHE metrics for 2024/25 see pages 53 to 54.

Immersive safety training

The Committee received regular updates on attendance, feedback and monthly activities for the programme. It was agreed by the Committee that its success would not be measured by output alone, but also by long-term behavioural change and recognition of what it feels like when something goes wrong. Different scenarios for immersive experiences, such as the impact of power outages, are now being discussed between the SSE SHE team and training organiser. The addition of immersive safety training for contract partners is another important step forward.

Supporting contract partner safety

To enhance collaboration with contract partners, the SSHEAC reviewed the three focus areas of SSE's contract partner strategy: collaborate, support and check. This review looked at a comprehensive plan of actions for each focus area which ensures alignment with procurement, contractors and joint venture partners.

During the year, SHE specifications for contract partners were reviewed, updated and implemented, with the Committee overseeing these activities. These specifications standardise how SSE works with its partners and support positive collaboration. The updated content was developed through extensive internal consultation with Business Units and benchmarked externally. The SSHEAC emphasised the need to be bold enough to drive improvements while recognising the balance of contract partners' responsibilities. The members highlighted the differences in standards and cultures, as SSE operates internationally. New SHE specifications were announced at the Group SHE Contract Partner conference in November and the Committee is monitoring their implementation.

Fatigue management

The SSHEAC monitored the effectiveness of fatigue management processes in Distribution, along with associated working hours controls. A collaboration with the University of Hull provided valuable insights for improving the risk assessment process and interventions. The Committee also noted updates on engagement with trade unions and how learnings from this can be applied. In their discussion, the SSHEAC considered fatigue risk in adverse weather conditions, acknowledging the challenge of balancing the increased risk profile during storms with the necessity for the business to maintain constant availability due to potential customer impact.

Public safety

To better understand the nature of the public safety risks, the SSHEAC received an overview of the public safety strategy for Distribution. It was particularly interested in industry alignment, stakeholder engagement, and the legal and company frameworks supporting the management of associated risks. Industry-wide engagement films that show impactful content were highly regarded. The Committee discussed how national cooperation and technologies such as cable detection and avoidance tools could improve public safety. The Committee gave feedback to the Distribution team on how

SSE can further support these initiatives. These are being reflected in the national cooperation work.

Assurance and audit

The SSHEAC regularly reviewed progress against assurance and audit plans along with the SHE management system. The SSHEAC also reviewed and endorsed the 2025/26 assurance and audit programme. The programme discussion focused on environmental standards and audits.

Risks and legislation

The SSHEAC reviewed the SHE risk matrices and the changes to the risk profile over the past year. They considered the outputs of these risk matrices alongside the annual SHE risks review and legislation update.

For a comprehensive analysis of SSE's performance in safety, health and wellbeing, environment and sustainability, please see pages 42 to 59 of this report and the Sustainability Report 2025.

Environment

The SSHEAC reviewed SSE's environment strategy for 2025/26 and each Business Unit's environmental plan. The Committee discussed SSE's waste management activities, with a focus on recycling and diversion from landfill and related Group targets for 2025/26. Recycling and diversion targets are set annually.

To support SSE's environmental strategy and ensure accountability, the SSHEAC has endorsed targets and KPIs for 2025/26.

Environment – monitoring performance

The SSHEAC monitored SSE's environmental incidents and permit breaches across the Group. It looked at how comprehensive waste management and recycling programmes, including metal recycling, were implemented to enhance sustainability efforts. Waste management reports provided the SSHEAC with detailed information on waste types, disposal categories, diversion rates and recycling efforts, highlighting SSE's commitment to environmental responsibility. In alignment with SSE's biodiversity objectives, the Committee reviewed biodiversity data for projects across various Business Units, fostering a culture of ecological stewardship.

Climate adaptation and resilience

The Committee received an annual climate adaptation and resilience update, that incorporated adaptation to physical climate risks and related planning and reporting.

The Committee endorsed recommendations including an asset managers' forum to agree common climate risks, the establishment of the Climate Adaptation Working Group, and the alignment of climate risks across SSE's risk registers.

Nature-related disclosures

The Committee discussed SSE's readiness to report against the TNFD disclosures at a Group level, the current level of maturity of the Group-wide view of nature-related disclosures, and next steps to enhance nature-related disclosures at the appropriate time.

For more on SSE's approach to nature, see pages 58 to 59 of this report and the Sustainability Report 2025.

Health and wellbeing

The SSHEAC continues to focus on making sure effective support and meaningful initiatives are in place to address the challenges faced by colleagues across SSE. The Committee acknowledged good progress in advancing the health and wellbeing strategy in 2024/25. In particular, it praised the comprehensive health offering available to employees through a single Health Hub website and the initiative to promote its use by adding access QR codes to hard hats.

As part of the health and wellbeing performance report, the SSHEAC reviewed the uptake for various SSE employee assistance programmes including an online GP service, mental health first aid, occupational health programmes, physiotherapy and PureGym discounts. The popularity of these services shows that employees are both aware of and comfortable using them, and that the promotional campaigns have been effective.

The SSHEAC regularly reviews reports on sickness and absence during the year. These included comprehensive trend analyses, giving valuable insights into the overall health and wellbeing of employees and the types of support that can be provided. The Committee was satisfied that SSE offers a comprehensive range of support services that are well used by colleagues when needed.

The Committee also supported enhanced direct support for colleagues through external partners such as British Heart Foundation, Nuffield and WeCare. They discussed upcoming plans and initiatives, and the increased digitalisation of offerings, including a mental health wellbeing app called Thrive. The Committee also asked for welfare provisions to be specified in the updated contract partners' SHE specifications.

Sustainability and ESG

ESG ratings

One of the ways in which SSE's sustainability performance is assessed is through investor ESG ratings, which are of strategic importance to SSE and its stakeholders. The SSHEAC reviewed the final ESG rating performance score card for 2024, discussed an update on progress against the recommendations arising from last year's ESG ratings review and endorsed the ESG review recommendations and priorities for each action identified.

Sustainability Report

During the reporting year, the Committee reviewed the approach and content plan for the Sustainability Report 2025 in the context of increasing complexity of sustainability disclosures in corporate reporting. The SSHEAC acknowledged the importance of the Sustainability Report and its enhanced disclosures as a crucial communication tool with investors and other stakeholders. The SSHEAC continues to approve the report before it's published.

Site visits

Members of the SSHEAC continued with their programme of site visits to support and engage with colleagues in various operating environments. Each site gave detailed safety briefings. The feedback from visits was encouraging, with teams working hard to positively impact SSE's culture, the environment and local communities. Potential challenges included recruitment in remote sites and skills shortages in certain areas.

Summary of observations

- **Kinardochy Substation.** Employees seemed to be encouraged to voice safety concerns in a psychologically safe environment. Safety, health and wellbeing signs were displayed across the site, promoting proactive safety awareness.
- **Isle of Wight – Ryde depot.** The visit showed continued improvement in delivery and culture, with a strong focus on the team and customers. Communication within the team indicated a positive working environment, and recent safety alerts were prominently displayed in the depot.
- **Aberdeen – tree cutting site and office.** It was clear that the team here are deeply committed to customer care, whether engaging with landowners, responding to queries, supporting vulnerable customers, or restoring supplies. They were highly engaged and empowered to make local improvements, such as the new digital Storm Room, to enhance performance. The Room uses technology to improve the management of faults during storms by giving the team real-time access to all the systems data needed for effective decision making.
- **Dogger Bank C HVDC Station.** This was a busy yet well-organised construction site with tight traffic management and security. The strong safety ethos was evident, with barriered walkways keeping people separated from traffic.
- **Bindoo Wind Farm.** The team here were proud to discuss recent innovations. They seemed to trust their colleagues when needing support and had the autonomy to explore new areas of working.
- **Glasthule Buildings County Dublin.** Residents in Glasthule had access to a direct issues phoneline, contributing to a transparent and safe working environment. A fire drill demonstrated effective processes.
- **Medway Power Station.** It was good to see the team's efforts to explore options for decarbonising energy generation at Medway to make sure the site could continue to provide essential flexible power in a net-zero world.
- **Keadby 1 and Keadby 2 Power Stations.** These sites had a strong continuous improvement ethos in process safety, operations, outages and culture. Keadby 2 was currently on outage, while Keadby 1 had recently returned. It was interesting to discuss outage processes, control room handovers, commissioning, and issue management.
- **Lerwick Power Station.** The safety culture on site was very positive among SSE employees and contract partners, creating a real community feel.
- **Gremista Project.** The Transmission team was managing several high-standard improvement projects. The good organisation of the site was clear from its security, signage, and well-prepared parking zone complete with EV charging points. There was a clear sense of teamwork among the project team.

▲ Helen Mahy spent time with colleagues on Shetland to hear about safety processes on major projects there

Remuneration Committee Report

"We believe our proposed policy continues to be clearly aligned with SSE's strategy and sustainability focus. It will enable future succession and support our growth plans."

Melanie Smith CBE
Committee Chair

Role of the Committee

The Remuneration Committee determines and agrees SSE's broad policy for executive remuneration, ensuring that it is appropriate, enhances personal performance and rewards individual contributions towards the long-term sustainable success of SSE.

For more details on the role and responsibilities of the Committee, see its Terms of Reference at **sse.com**.

This Directors' Remuneration Report aims to set out clearly and simply the details of Directors' remuneration at SSE and the rationale behind our approach. It covers:

- The link between remuneration and strategy
- The Directors' Remuneration Policy review
- Board changes taking place in 2025/26
- Delivery and performance during 2024/25
  - Annual Incentive Plan outcome
  - Performance Share Plan outcome
  - Base salary increases from April 2025

The proposed updated 2025 Directors' Remuneration Policy is set out in full on pages 131 to 138, and will be submitted to shareholders for approval at the 2025 AGM. The Annual Report on Remuneration follows on pages 140 to 153, and contains details of our remuneration arrangements and various legislative, regulatory and best practice disclosures.

Link to strategy

Our approach to pay is designed to support the execution of our purpose: to provide energy needed today while building a better world of energy for tomorrow. The performance measures and targets for the Annual Incentive Plan (AIP) and the longer-term Performance Share Plan (PSP) are directly linked to SSE's strategy to create value for shareholders and society in a sustainable way.

Sustainability is at the heart of this strategy, reinforced through both the five-year Net Zero Acceleration Programme (NZAP) Plus investment plan to 2027 and the 2030 Goals aligned with four UN Sustainable Development Goals (shown on page 6).

The vesting of PSP awards links directly to performance against both the NZAP Plus and the 2030 Goals. The PSP awards have dedicated strategy and sustainability measures, which represent a combined 30% of the award. And 10% of the AIP award is linked to our performance in publicly available sustainability indices. A further 30% of this AIP award relates to operational performance aligned with key NZAP Plus deliverables.

Alongside sustainability and operational excellence, our incentives focus on financial performance and value creation, aligning performance with shareholders' interests. These measures will be increasingly important as SSE moves into its next phase of growth. See page 14 for details of where KPIs link directly to remuneration.

Policy review

Our current Directors' Remuneration Policy was approved by shareholders at the 2022 AGM with over 91% of the votes cast in favour of the resolution. Policy changes made in 2022 were mostly focused on alignment with the newly launched NZAP, later upgraded to NZAP Plus. This policy expires at the conclusion of our 2025 AGM. Therefore, an updated policy will be proposed for consideration at the 2025 AGM.

In developing proposals for the updated policy, the Committee reviewed the current policy to make sure it remains fit-for-purpose, particularly in the context of:

- Chief Executive succession plans, which came into sharper focus after our current Chief Executive, Alistair Phillips-Davies announced his intention to retire during 2025.
- Our NZAP Plus investment plan designed to deliver growth and create value across SSE to 2026/27.

SSE has continued to perform well throughout the current five-year plan, showing the benefits of a balanced portfolio of market-focused energy assets supported by regulated income from electricity networks.

All three of our serving Executive Directors were appointed internally and have been with SSE for a number of years. Due to this and legacy final salary pension arrangements, the fixed pay of Alistair is around 40% of his total target remuneration.

In future, we'd like a smaller proportion of remuneration to be fixed, with more emphasis on performance-related pay (both short- and long-term). This will allow us to pay competitively without relying too heavily on base pay. This is designed to create value for money for shareholders and link executive pay more directly to SSE's performance.

With the competition for roles becoming increasingly diverse and international, remuneration at all levels of the business needs to be flexible enough to retain and attract world-class talent.

With all of this in mind, our Committee is proposing four policy changes for approval at the 2025 AGM:

1. An increase in maximum AIP opportunity of up to 200% of salary for Executive Directors (from up to 150% of salary).
2. An increase in the maximum annual awards under the PSP of up to 300% of salary (from up to 250% of salary).
3. A consequential increase in Executive Directors' shareholding requirement to align with the face value of annual awards of shares under the PSP.
4. A streamlining of the current two-year post-employment shareholding policy: other than shares purchased by the Executive Director, the requirement will be to hold any shares to the value of the minimum requirement set by the policy (or the projected shareholding including in-flight long-term incentive awards if lower). This is effectively a housekeeping change to simplify the administration and enforcement of the policy. It will apply from 2025/26.

If approved, the first three changes above will not apply to Alistair.

For many years we've reviewed market practice by looking at our sector competitors,

Governance

Membership and attendance

The membership of the Committee comprises four non-Executive Directors and the Chair of the Board. The Group General Counsel and Company Secretary is Secretary, and the Director of HR and Director of Reward and Pensions provide advice to the Committee. The Chief Executive may also attend the meetings but is not present for any discussion about their own remuneration arrangements. The Committee met three times in 2024/25, with attendance set out on page 93.

Committee performance review

The annual review of Committee performance was facilitated by Heidrick & Struggles (see pages 105 to 106) and the results considered by the full Committee. This confirmed the Committee's continued effective operation and actions for 2025/26.

Review confirmed	– The Committee functions well with prepared members engaging in **productive discussions** that strike the right balance between support and challenge – Advisors provide **valuable insights** into market trends, regulatory updates and competitor benchmarking – Thorough executive reviews and performance assessments are conducted with **clear and strategic links** to SSE's overarching goals and objectives
Actions for 2025/26	– The Committee should continue to operate in the same way going forward

the FTSE 100, the FTSE 20 to 50 and, increasingly, the FTSE 50 (excluding financial services). SSE's market capitalisation is around the upper quartile of the FTSE 20 to 50 and close to the median of the FTSE 50. The proposed change to incentive levels leaves total remuneration well below the median of the FTSE 50.

During the year, I consulted with our 30 largest shareholders, representing around 55% of SSE's issued share capital, and the three main proxy advisory agencies. We received responses from half of those consulted with, and I'm very grateful to everyone who shared their views on the proposed policy changes in person or in writing. We entered the process aware of wider developments, such as hybrid awards and above-inflationary increases at the largest companies, but decided to take a conservative approach. The feedback received was generally supportive, and the proposals shared in this report did not change as a result of the shareholder consultation process.

Board changes

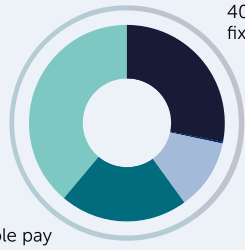
After 28 years with SSE and 12 years of exceptional leadership as Chief Executive, Alistair will step down from the Board and will be succeeded by Martin Pibworth, our current Chief Commercial Officer, after the 2025 AGM.

When Alistair leaves the Board in July, he'll be treated in line with the Directors' Remuneration Policy and his service contract. For the purposes of incentives, and given his long and successful career with SSE, he will be treated as a 'good leaver'.

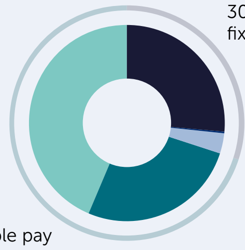
He will not receive an award under the 2025 PSP, and outstanding share awards under the PSP will be pro-rated to reflect the time between the start of the performance period and when he leaves SSE. Awards will vest in line with the normal timetable. His AIP will stop accruing when he steps down from the Board and he'll receive a pro-rated award, without deferral, related to his service in the 2025/26 financial year.

Chief Executive fixed and variable pay comparison

Current Chief Executive pay



Post-policy Chief Executive pay



Alistair will continue to receive all elements of fixed pay including base salary, benefits and pension until he leaves at the end of November 2025. He'll be required to keep a shareholding for at least two years after his leaving date in line with the policy.

When he becomes Chief Executive on 17 July 2025, Martin's base salary will be £970,000, 10% less than Alistair's salary upon leaving. We plan to increase his salary by 8% to £1,050,000 with effect from 1 April 2026, subject to satisfactory performance in the role. His pension allowance will be reduced from 15% to 12% of base salary in line with current policy and with the potential pension contribution available to the wider workforce. Martin's overall fixed pay from 1 April 2026 will be around 22% lower than Alistair's fixed pay on stepping down from the Board.

Subject to approval of the Policy at the 2025 AGM, we propose that Martin's AIP opportunity rises to a maximum of 175% of salary from 17 July 2025 and to 200% from 1 April 2026. His PSP opportunity will increase to a maximum of 275% of salary for the 2025 grant and to 300% for the 2026 grant. His shareholding requirement will mirror his PSP opportunity, rising to 275% and then 300% from 1 April 2026. Once the changes are fully implemented from 1 April 2026, Martin's total target pay will only be around 4% higher than Alistair's on stepping down from the Board.

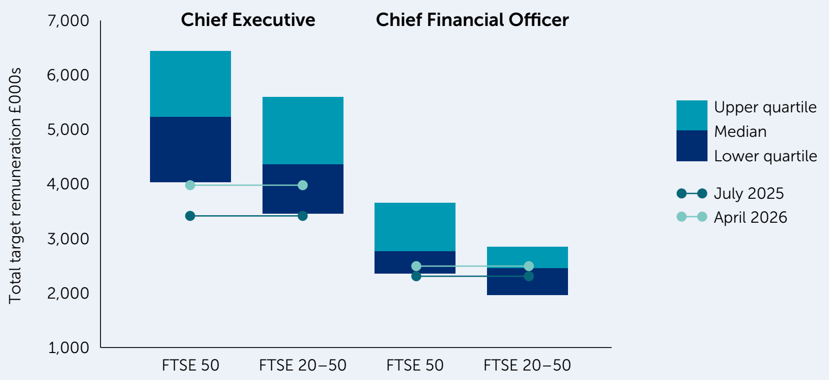
In line with our policy review and discussions with shareholders, the proposed total pay position gives a better balance of fixed and variable pay, with more focus on pay for performance (as shown in the chart). We are confident that this phased approach provides a balanced, yet competitive, outcome which reflects Martin's experience as a proven industry leader with deep sector experience.

As disclosed in last year's report, the base salary for the Chief Financial Officer, Barry O'Regan, will rise to £700,000 (up by 7.7%) from 1 April 2025 as part of a planned phased increase following his appointment to the Board in 2023. As the Board changes come into effect, Barry may take on additional responsibilities and we will review his base salary position again in September 2025 when Board changes have taken effect.

Barry's maximum AIP opportunity is currently 20% less than the Chief Executive's and the intention is to maintain this differential. So, we propose to increase his AIP opportunity to 155% from 17 July 2025 and to 180% from 1 April 2026. A similar approach will be taken with PSP, where the differential is 25%. We intend to increase the maximum PSP opportunity to 250% for the 2025 grant and to 275% for the 2026 grant.

Remuneration Committee Report continued

Proposed target remuneration against benchmarks



We considered these proposed changes relative to our main external comparator groups: FTSE 50 and FTSE 20 to 50 (excluding financial services). The charts show how proposed total target remuneration for Martin and Barry is positioned against these benchmarks. Total pay for Martin will remain below lower quartile relative to the FTSE 50. Barry's total pay after the Board changes will be in the lower quartile to median range against the FTSE 50.

Overall, the Committee believe that these changes will support our ability to retain and recruit executive directors, and indeed employees across the Group generally, with the knowledge, skills and performance to make SSE successful.

Full details of the policy changes and the policy review process are on page 129.

Delivery and performance

During 2024/25, our disciplined investment programme continued to create sustainable earnings growth. Our networks and renewables businesses have each contributed over £1bn in adjusted operating profit for the first time. Together, the contribution of earnings from regulated electricity networks and renewables has increased from 63% in the prior year to 87%.

We have also delivered on the commitments we made for the year – with 160.9p adjusted Earnings Per Share (EPS) achieved despite the expected normalisation of profitability in our flexible thermal portfolio. We have continued to progress our growth enhancing investment plans, delivering record capital investment this year of £2.9bn.

Annual incentive outcomes

We assess AIP against a broad range of metrics – financial, operational, personal and sustainability performance targets – collectively designed to reflect financial and non-financial business performance each year. We evaluate performance objectively, taking into account SSE's performance in the round, and use our discretion to adjust any outcomes we consider inappropriate.

Financial objectives were achieved in 2024/25 and progress was made in operational performance related to the NZAP Plus. Performance against external sustainability indices continues to be strong, with an average ranking around the upper quintile for the third year running.

In particular, safety performance has been encouraging – with fewer injuries overall and the Total Recordable Injury Rate among our contract partners improving on the previous year. Our immersive safety training won a Utility Week award, and over 8,000 SSE employees have now been through the programme. During the year, we were also awarded an Investors in People: We invest in Wellbeing Platinum accreditation, the highest level available.

The outturn for the 2024/25 AIP is 81% of the maximum. We believe this outcome is a fair representation of overall performance and the SSE stakeholder experience. In line with the policy, 33% of the award is deferred into shares for three years. The AIP scorecard is shown on page 142.

Long-term incentive outcomes

The PSP awards granted in 2022 are due to vest after the 2024/25 financial year-end. This is subject to financial, strategic, and value-creation performance conditions – and measured over the three-year performance period ending 31 March 2025. This is the first year of vesting after the introduction of the strategy and sustainability measures mentioned previously in this report.

We objectively assessed the vesting outcome against the performance measures and targets set. Adjusted EPS growth targets performed particularly well, with this measure paying out in full. Total Shareholder Return (TSR) was only just above median ranking against both the FTSE 100 and European utilities peer groups, with macroeconomic challenges affecting SSE's share price towards the end of the performance period.

The strategy measure performed well overall, reflecting strong performance against networks Regulated Asset Value (RAV) growth targets. Sustainability performance was also good, particularly in championing a fair and just energy transition, and enabling low-carbon generation and demand.

The outturn for the 2022-2025 PSP award is 59% of the maximum award. For details on the performance measures, targets and performance assessments, see page 145.

We agreed that the outcomes under the AIP and PSP were appropriate in the context of wider business performance, and decided that it wasn't necessary to apply any discretion.

Base salary changes

Ahead of changes to the Board and the related remuneration changes in July 2025, we have also considered increasing Executive Directors' base salaries from 1 April 2025. We took into account SSE's performance, shareholder returns, and progress against the NZAP Plus.

Importantly, we also considered the pay arrangements for the wider employee population. Half of the employee group covered by trade union agreements is expected to receive an increase of around 6.2% from 1 April 2025. This includes a pay award of CPIH (expected to be around 3.9%) plus 1%, and an additional 1.3% related to pay progression. The pay budget for the rest of employees was 3%, with awards typically ranging from between 1.5% and 5% depending on performance.

Taking this into consideration, we agreed that the base salary increases for Alistair and Martin would be 3% from 1 April 2025 (with Martin subject to further increase once he becomes Chief Executive on 17 July 2025). Barry's base salary will rise by 7.7% to the euro equivalent of £700,000, in line with the phased salary increases agreed when he was appointed to the Board in 2023.

To conclude

We believe our proposed policy continues to be clearly aligned with SSE's strategy and sustainability focus. It will enable future succession and support our growth plans. Incentive outturns in the year reflect performance, and base salary increases are appropriate relative to the wider employee population.

Looking ahead, we plan to continue to be open about our decision making, clear in our reporting about remuneration, and fully mindful of SSE's stakeholder groups. I welcome all feedback and comments on this Directors' Remuneration Report or on remuneration more generally, and can be reached through SSE's Group General Counsel and Company Secretary, Liz Tanner at ir@sse.com.

Melanie Smith CBE
Chair of the Remuneration Committee

20 May 2025

Directors' Remuneration Policy review

Introduction

The current Directors' Remuneration Policy was approved in 2022 and is due for renewal at the AGM in July 2025.

In September 2024, the Remuneration Committee held a policy review workshop where they discussed the important role the policy plays in supporting both SSE's ambitious growth plans and executive succession plans.

In light of this, a set of key principles was established on which the policy and proposed changes are based. These are in the adjacent illustration.

A timeline of this process and more detail on the key considerations are shown in the following pages.

Key principles for our Remuneration Policy

Balanced
The policy should provide an appropriate balance of fixed and variable pay, with an emphasis on performance-related pay and less reliance on base pay.

Competitive
The approach to remuneration at all levels of the business needs to be flexible enough to retain and attract world-class talent.

Sustainable
The policy should encourage the long-term stewardship of SSE and support its sustainable, long-term growth ambitions through the Net Zero Acceleration Programme (NZAP) Plus.

Strategically aligned
There should be clear links to SSE's strategy of creating value for shareholders and society in a sustainable way.

Policy changes

A broad range of potential changes were explored by the Committee. After feedback from shareholders, a set of policy change proposals were agreed.

Area of change	Current policy	Proposed policy	Rationale for change
Annual Incentive Plan (AIP) quantum	The maximum AIP opportunity for the Chief Executive is 200% of base salary.	The maximum AIP opportunity will increase to 250% of base salary to create headroom for the recruitment of a new Chief Executive.	The current Chief Executive's fixed pay is c.40% of total target remuneration on account of the legacy final salary pension (which will not be available to a new Chief Executive). A greater balance of performance-related pay will allow more competitive pay without relying too heavily on base salary, providing better value for shareholders. SSE's competition for talent is increasingly diverse and international, and the increase in quantum will help attract and retain the right candidates. The combined value of incentives will be a maximum of 500%, which is in the lower quartile to median relative to external benchmarks.
Performance Share Plan (PSP) quantum	The maximum PSP opportunity for the Chief Executive is 250% of base salary.	The maximum PSP opportunity will increase to 300% of base salary to create headroom for the recruitment of a new Chief Executive.	
Shareholding requirement	The Chief Executive must maintain a shareholding of 250% of base salary.	The Chief Executive's shareholding requirement will increase to 300% of base salary.	A consequential increase in the shareholding to align with the face value of the annual award of shares under the PSP.
Post-employment shareholding	Executive Directors are required to hold their in-employment shares for a further two years after employment finishes.	Executive Directors will be required to hold any shares to the value of the minimum requirement set by the policy (or the projected shareholding including in-flight long-term incentive awards if lower).	This is considered a housekeeping change, which maintains an effective post-employment shareholding requirement but reduces the administrative burden.

The Committee also considered and decided against the following options:

- Replacing the current PSP with a Restricted Share Plan. Ultimately, the Committee decided that performance shares based on a combination of financial, market-based and strategic goals remains the best long-term reward mechanism. This reflects the Board's confidence in the NZAP Plus and SSE's ability to deliver against it.

- Reducing the proportion of the award deferred as shares under the AIP. The Committee acknowledged that some companies have reduced bonus deferral, particularly once shareholding requirements have been met. As the current deferral is consistent with broader internal practice, a decision was made not to make changes in this area.

Policy in action

This sets out how the Remuneration Committee intends to operate the new policy once fully implemented in 2026/27.

	Element	Maximum	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Fixed pay	**Salary**	Set with reference to pay increases for the wider employee population	Salary paid					
	Benefits	Market competitive	Benefits paid					
	Pension	12% of base salary	Pension contribution/ allowance paid					
Variable pay	**Annual Incentive Plan (AIP)**	CEO 200% of salary CFO 180% of salary 67% cash, 33% deferred shares	Performance period	AIP cash paid Deferred AIP share award granted	Deferral period		Deferred AIP share awards vest	
	Performance Share Plan (PSP)	CEO 300% of salary CFO 275% of salary	PSP award granted	Performance/ holding period		PSP award vests	Holding period	Holding period ends
Additional governance	**Share ownership requirement**	CEO 300% of salary CFO 275% of salary	Shareholding requirement maintained for two years after leaving					
			Malus and clawback provisions apply					

Policy review and shareholder consultation timeline

September 2024
In a policy review workshop, the Remuneration Committee discussed principles, assessed risks and considered key areas of change.

November 2024
The Committee agreed proposed policy changes and the process for shareholder consultation.

December 2024
Consultation began with the 30 largest shareholders, representing around 55% of SSE's issued share capital. Along with the main proxy advisory agencies, they received a letter explaining the proposed policy changes and underlying rationale.

January 2025
Meetings took place between SSE and a number of shareholders and proxy advisory agencies. Written responses from other shareholders were reviewed. There was general support for the changes and no major concerns were identified.

May 2025
The original shareholder group consulted was sent a letter confirming the outcomes of the consultation process.

June 2025
The proposed Director's Remuneration Policy is disclosed in this Annual Report.

July 2025
Shareholders will vote on the proposed policy at the AGM. Assuming a positive result, this will be adopted immediately after the meeting.

Directors' Remuneration Policy

Introduction

SSE's proposed new Directors' Remuneration Policy is set out in this section. This policy is subject to a binding shareholder vote at SSE's AGM on 17 July 2025 and, if approved, will apply from this date. It will apply for up to three years and will be subject to re-approval at the 2028 AGM at the latest.

The policy was reviewed and approved by the Remuneration Committee. As part of this process, the views of our larger shareholders and other shareholder advisory bodies were sought. In addition, the thoughts of other Board members, management and external advisors were considered. The members of the Committee then made decisions independently without inappropriate influence. No person participated in decisions relating to their personal remuneration. The policy review process is detailed on pages 129 and 130.

The current policy was approved at the AGM on 21 July 2022 and can be seen in full in SSE's 2022 Annual Report.

The Remuneration Committee considered the policy in the context of the principles set out in the UK Corporate Governance Code.

Clarity	Simplicity
– Our Directors' Remuneration Policy is designed to be sustainable and simple. It supports and rewards the diligent and effective stewardship vital to delivering SSE's core purpose (providing energy needed today while building a better world of energy for tomorrow) and our strategy of creating value for shareholders and all stakeholders. – The policy updates the previous policy with minimal structural changes. So it's already embedded into the business and is well understood by participants and shareholders alike. – The policy clearly sets out the terms under which it can be operated, including appropriate limits in terms of quantum, the measures which can be used, and discretions which could be applied as appropriate. – Transparency in approach has been a cornerstone of our policy. There is detailed disclosure of the relevant performance assessments and outcomes for shareholders to consider.	– Our pay arrangements include a market standard annual incentive and long-term share plan, each of which is explained in detail in our policy. – No complex or artificial structures are needed to operate the plans. – We explain our approach to pay clearly and simply.
Risk	**Predictability**
– Appropriate limits are stipulated in the policy and respective plan rules. – The Committee also has appropriate discretions to override formulaic outturns when assessing the variable incentive plans. – Each year, the Committee reviews risks associated with the policy and its operation. Any risks identified are considered with appropriate mitigation strategies or tolerance levels agreed. – Regular interaction with the Audit and SSHEA Committees ensures relevant risk factors are considered when setting or assessing performance targets. – Clawback and malus provisions are in place across all incentive plans, and the 'triggers' have been reviewed and strengthened.	– The possible reward outcomes can be easily quantified, and these are reviewed by the Committee. – The graphical illustrations provided in the policy clearly show the potential scenarios of performance and resulting pay outcomes. – Performance is reviewed regularly, so there are no surprises when performance is assessed at the end of the period.
Proportionality	**Alignment to culture**
– Variable incentive pay outcomes are clearly linked to delivering the strategy. – Performance is assessed on a broad basis, including a combination of financial, operational and sustainability metrics. This ensures no undue focus on a single metric. – The Committee also has the discretion – which it has used – to override formulaic outcomes if they are seen as inappropriate in light of wider Company performance and the experience of stakeholders.	– At the heart of the policy is a focus on the long-term sustainability of the business. – This reflects SSE's business culture of 'doing the right thing', which is aligned to effective stewardship that creates value for all stakeholders. – Our incentive plans and approach to measuring performance in particular, reflect our SSE SET core values.

Policy table

Base salary	
Purpose and link to strategy	The base salary supports the recruitment and retention of Executive Directors of the calibre needed to develop SSE's strategy, deliver efficient operations and investments, and engage effectively with key stakeholders. It's intended to reflect the role and its responsibilities, business and individual performance measured against strategy and core purpose, and competitive market pressures.
Operation	The Remuneration Committee sets base salary taking into account: – the individual's skills, experience and performance; – salary levels at other UK-listed companies of a similar size and complexity and other energy businesses; – remuneration of different groups of employees and wider internal pay arrangements; and – the overall policy objective to set a competitive, but not excessive, total remuneration position against our chosen benchmarks. Base salary is normally reviewed each year with changes effective from 1 April. It may be reviewed more frequently or at different times of the year if the Committee sees this as appropriate.
Maximum opportunity	Salary increases are normally capped at the typical level of increases awarded to other employees at SSE. Increases may be above this level in certain circumstances, including but not limited to: – where a new Executive Director has been appointed to the Board at an initially lower base salary with the intention that larger salary increases would be awarded as the Director gains experience; – where there has been a significant increase in the scope and responsibility of an Executive Director's role or where they have been promoted; and – where a larger increase is considered necessary to reflect significant changes in market practice.
Performance measures	When setting and reviewing salaries each year, the Committee considers how Executive Directors have ensured that SSE fulfils its core purpose of providing the energy needed today while building a better world of energy for tomorrow. They also assess delivery on SSE's strategy to create value for shareholders and society in a sustainable way by developing, building, operating and investing in the transition to net zero.

Benefits	
Purpose and link to strategy	To provide a market-competitive level of benefits for Executive Directors.
Operation	The objective is to provide the appropriate level of benefits taking into account market practice at similar sized companies and the level of benefits provided for other employees at SSE. Current core benefits include car allowance, private medical insurance and health screening. Executive Directors are eligible to participate in the SSE's all-employee share plans on the same terms as UK colleagues. SSE currently operates the Share Incentive Plan (SIP) and the Sharesave Scheme (SAYE). If an Executive Director needed to relocate to perform their role, the Committee may provide other reasonable benefits to reflect the circumstances. The Committee may introduce or remove particular benefits if seen as appropriate. Travel and business-related expenses incurred which may be treated as taxable benefits will be reimbursed in line with SSE's expenses policy.
Maximum opportunity	When determining the level of benefits, the Committee will consider the factors outlined above. The cost will depend on the cost to SSE of providing individual items and the individual's circumstances. There is no maximum benefit level.
Performance measures	Not applicable.

Pension	
Purpose and link to strategy	Pension planning is an important part of SSE's remuneration strategy, as it's consistent with the long-term goals of the business. This approach to pension planning supports SSE's ability to retain experienced Executive Directors and develop talent internally.
Operation	The current Chief Executive participates in the Southern Electric Pension Scheme, the same scheme which any employee recruited at that time participates in. This scheme is a funded final salary scheme pension (subject to the cap on future increases in pensionable pay described below). Where an Executive Director is subject to the scheme-specific salary cap (which mirrors the provisions of the previous HMRC cap arrangements) SSE provides top-up unfunded arrangements (UURBS) up to the maximum benefit stated below. The current Chief Commercial Officer receives a cash allowance in lieu of accruing future pension benefits. This allowance predates his appointment as an Executive Director and is in line with other former defined benefit scheme members who have opted out at 15%. The Chief Financial Officer and any new appointments to the Board will receive pension provisions in line with arrangements for SSE employees.
Maximum opportunity	Arrangements for the Chief Executive provide for a maximum pension of two-thirds of final salary, normally at age 60. From 1 April 2017, future pensionable pay increases will be capped at RPI + 1% (regardless of the level of any actual increases in salaries). For new appointments, employer's pension contributions are capped in line with the potential pension contribution available for all SSE employees: 12% of base salary.
Performance measures	Not applicable.

Annual Incentive Plan (AIP)	
Purpose and link to strategy	To achieve a suitable balance of fixed and variable remuneration, the AIP rewards Executive Directors based on their achievement of performance targets linked to SSE's strategy and core purpose. Compulsory deferral into SSE shares helps align Executive Directors' interests and the long-term interests of shareholders.
Operation	The Committee determines the level of incentive at its absolute discretion. It takes into account performance in each of the measures, the underlying performance of the business, and how Executive Directors have managed and performed in relation to all business issues during the year. Performance is typically assessed over a financial year. For each measure, where performance reaches or exceeds the maximum, an outturn of 100% is payable. There is no payment for below-threshold performance. The award will normally be delivered as 67% in cash and 33% in deferred shares. The Committee may decide to award a different balance of cash and deferred shares. Deferred shares normally vest three years from the award date (unless the Committee decides another vesting period is appropriate), subject to continued employment with accrual of dividends over that period. Until vesting, the awards may accrue additional dividend shares. Dividend equivalents may be decided by the Committee on a cumulative basis and may assume reinvestment of dividends in SSE shares. In certain circumstances as set out in the plan rules, the Committee has discretion to apply malus to outstanding awards under the AIP or unvested deferred share awards before the relevant vesting or payment date. They can also, or instead, claw back the cash or share portion of awards under the AIP for up to three years after the cash payment date of the relevant award.
Maximum opportunity	The maximum annual incentive opportunity for Executive Directors is 200% of base salary.
Performance measures	The annual incentive is normally based on a mix of financial, operational, strategic and stakeholder measures reflecting the key values and priorities of the business. A minimum of 50% of the annual incentive will be based on financial performance metrics. The Committee determines the exact metrics each year based on the key strategic objectives for the forthcoming year and makes sure these are appropriately stretching in the context of the business plan. The measures for the current year are on page 144. The Committee may review the detailed targets and weightings of measures each year, as well as the appropriate threshold levels of vesting and performance. Around 50% of the incentive is paid if target levels of performance are delivered, with the full incentive paid for delivering stretching levels of performance. The part of the AIP that's deferred in the form of deferred shares is not linked to any further performance conditions.

Directors’ Remuneration Policy continued

Performance Share Plan (PSP)	
Purpose and link to strategy	The PSP aims to reward Executive Directors – over a three-year performance period and a further two-year holding period – for their part in delivering the sustained success of the Company. It also ensures that their interests are aligned with those of SSE’s shareholders.
Operation	Shares are awarded which normally vest based on performance over a period of three years. Awards granted to Executive Directors will be subject to an additional two-year post-vesting holding period. During this time the Executive Director must retain the post-tax number of shares vesting under the award. All the shares vest if the maximum performance standard is reached or exceeded. No vesting is possible for below threshold performance. The Committee determines the extent to which the performance conditions have been met. No shares will vest unless the Committee is satisfied with the underlying financial performance of the Company. Awards only vest after the end of the performance period. Until vesting, PSP awards may accrue additional dividend shares. Dividend equivalents may be determined by the Committee on a cumulative basis and may assume dividends have been reinvested in SSE shares. In certain circumstances set out in the PSP rules, the Committee may at its discretion apply malus to outstanding awards before vesting and/or clawback vested awards for up to three years after the vesting date. The Committee may adjust and amend awards in line with PSP rules.
Maximum opportunity	The maximum annual value of award that can be granted under the PSP for Executive Directors is up to 300% of base salary. See also the share ownership policy requirement.
Performance measures	The Committee reviews and adjusts targets each year, ensuring these are stretching and represent value creation for shareholders while being realistically achievable for management. Awards vest based on a range of measures which may include value creation, financial, operational, strategic or stakeholder-based measures. A minimum of 70% of the award will be based on financial and value-creation measures. The Committee will review the most appropriate measures, detailed targets and weightings of measures each year, as well as the appropriate threshold levels of vesting and performance.

Share ownership policy	
Purpose and link to strategy	A key element of SSE’s Remuneration Policy is to align the interests of Executive Directors with those of SSE shareholders.
Operation	Shareholding is normally built up by shares vesting through the PSP, as well as deferred shares from the AIP and all-employee share schemes. Executive Directors may also choose to buy shares. The requirement to hold shares continues after employment. Executive Directors must continue to hold any shares (excluding those purchased from own funds) to the value of the minimum requirement set by the policy (or the projected shareholding including in-flight LTIP awards if lower), for another two years following cessation of employment.
Maximum opportunity	Executive Directors are required to maintain a shareholding. This is linked to the face value of the annual award of shares under the PSP (i.e. up to a maximum of 300% of base salary), and should be built up over a reasonable timeframe.
Performance measures	Not applicable.

Chair and non-Executive Directors' fees	
Purpose and link to strategy	Fees are set at a level which rewards Directors for undertaking their role. They're intended to attract and retain people with the calibre and experience to contribute effectively at Board level.
Operation	The Committee is responsible for determining fees for the Chair. The Board determines fees for other non-Executive Directors. Fees are reviewed at appropriate intervals against companies of a similar size and complexity. Fees are set in a way that is consistent with the wider remuneration policy. The fee structure may be made up of: – a basic Board fee or Chair fee; – an additional fee for any committee chairship or membership; and – an additional fee for other responsibilities such as Senior Independent Director, non-Executive Director for Employee Engagement, or periods of increased activity. Non-Executive Directors do not participate in the Annual Incentive Plan, Deferred Bonus Scheme or any of the share schemes, or contribute to any group pension scheme. Non-Executive Directors currently receive no benefits. Benefits may be provided in future for non-Executive Directors if the Board sees this as appropriate, and they may be provided in future for the Chair if the Committee sees this as appropriate. Reasonable travelling and other expenses for costs incurred in the course of the non-Executive Directors undertaking their duties are reimbursed (including any tax due on the expenses). All non-Executive Directors are expected to build up at least 2,000 SSE shares.
Maximum opportunity	The aggregate level of non-Executive Director fees should not go over the maximum set out in the Articles of Association.
Performance measures	There are no direct performance measures relating to Chair and non-Executive Director fees. The performance of the Board is evaluated each year, and this includes an evaluation of individual members.

Performance measures and targets

The Committee sets a range of simple, transparent and balanced performance measures linked to Executive Directors' remuneration. All have a clear link to strategic objectives and support value creation for shareholders. Performance targets will be stretching, and maximum performance will only be attained for true out-performance of targets. Longer-term financial targets set for the awards under the PSP will be reviewed and set in light of the relevant business plan. Where possible, targets will be disclosed prospectively unless there are commercial sensitivities, in which case they may be shared retrospectively at an appropriate time.

Committee discretion

All incentive awards are subject to the terms of the relevant plan rules under which awards are made. The Committee may adjust or amend awards in line with the provisions of the relevant plan rules. This includes, but is not limited to:

- Adjusting the number of shares and/or performance conditions attached to awards in the case of changes to SSE's share capital or reserves, or a demerger, special dividend, rights issue or other event.
- Adjusting PSP performance conditions for subsisting awards to take account of relevant factors, for example to reflect changes to accounting standards.
- If the Company is voluntarily wound-up, allowing some or all outstanding PSP awards to vest (and be deemed exercised) on the date the resolution for the winding-up is passed.

The Committee may make minor changes to this policy (such as for regulatory, exchange control, tax or administrative purposes – or to account for changes in legislation, corporate governance requirements or guidance) without asking shareholders to approve the change.

Legacy commitments

The Committee has the right to make any remuneration payments and payments for loss of office (including exercising its discretion in connection with such payments) even if they are not in line with the policy set out in this report, where the terms of the payment were agreed:

- before this policy came into effect as long as the terms of the payment were consistent with the shareholder-approved Directors' Remuneration Policy in place at the time they were agreed or,
- at a time when the relevant individual was not an SSE Director and, in the opinion of the Committee, the payment was not related to the person becoming a Company Director.

Payments include the Committee agreeing awards of variable remuneration and an award over shares is 'agreed' at the time the award is granted. Any payments made outside of the Directors' Remuneration Policy related to legacy commitments will be shared in full in the relevant year's Annual Report.

Directors' service contracts and non-Executive Directors' letters of appointment

Current Executive Directors have service contracts terminable by the Company immediately without notice upon breach by the individual, or by the Company with 12 months' notice, or by payment in lieu of salary only during that notice. The payment in lieu of notice may be made in staged payments and may either reduce or stop completely when the departing Executive Director gains new employment. The Executive Director may terminate the contract by giving the Company 12 months' notice. Contracts for new Executive Directors will be limited to 12 months' notice by both parties (or payment in lieu of notice in respect of the Company). The service contracts are available to view at SSE's registered office.

Non-Executive Directors are appointed for fixed terms of three years, subject to retirement and re-appointment at AGMs. Non-Executive Directors are not entitled to any payment in lieu of notice or any compensation for loss of office when they leave.

Non-Executive Director letters of appointment are available to shareholders at sse.com.

Loss of office policy

The Committee takes a number of factors into account when determining leaving arrangements for Executive Directors:

- The Committee must satisfy any contractual obligations which are in the Remuneration Policy or entered into on or before 27 June 2012 in line with relevant legislation.
- The treatment of outstanding share awards is governed by the relevant share plan rules, as set out below.
- The Committee may decide that the Executive Director should receive reasonable outplacement support and legal advice at the expense of the Company as well as any payments required by statute.
- The Company can terminate any Executive Director's contract by giving notice or payment in lieu of notice (as explained above).

AIP

The Executive Director may continue to be eligible for an AIP award for the financial year in which they leave employment if the Committee has decided good leaver terms apply. AIP awards will be determined by the Committee, taking into account time in employment and performance. AIP awards received in such cases may not be subject to deferral into shares, as long as the post-employment share ownership policy has already been fulfilled or will be by other means. To be clear, any AIP will be pro-rated for the period of service.

Deferred shares

If an Executive Director's employment ends in circumstances such as death, injury, disability, ill health or other circumstances that the Committee considers appropriate, unvested deferred shares will vest in full when employment finishes.

If an Executive Director leaves the business in other circumstances, their deferred shares will lapse.

Performance share plan

If an Executive Director's employment ends in circumstances such as death, injury, disability, ill health or other circumstances that the Committee considers appropriate, PSP shares may continue to vest. The PSP shares will normally be reduced to reflect the time elapsed in the three-year performance period when the Executive Director's employment ended. They will normally still be subject to performance conditions at the end of the performance period.

The Committee may decide, in exceptional circumstances, that PSP shares can be released when employment finishes. It will determine the level of vesting taking into account how long the Executive Director has been in employment and the extent to which performance conditions have been met at that time. This may be adjusted if the Committee considers that a performance condition would have been met to a greater or lesser extent at the end of the original performance period.

The Committee has the discretion to remove time pro-rating or change the time pro-rating fraction if it considers that the Executive Director's contribution to the business would not otherwise be properly recognised. In this circumstance, the vesting of PSP shares would be subject to performance until the end of the performance period. The Committee will have discretion to determine the treatment of any holding period in accordance with the post-cessation shareholding requirement and/or the rules of the plan.

If the Executive Director's employment ends for any other reason, unvested PSP share awards will lapse. Vested PSP shares, which are subject to a mandatory holding period, will not lapse as a result of employment coming to an end for any other reason.

Pension

When an Executive Director participating in the defined benefit pension scheme retires through ill health, they're entitled to an unreduced pension based on service to expected retirement.

In the event of any reorganisation or redundancy, Executive Directors who are 50 or older with at least five years of service will be given an unreduced accrued pension. If an Executive Director is not yet 50 at the time of this event, their pension will be paid from age 50.

From age 55 Executive Directors can leave SSE and receive a pension reduced for early payment, unless the Company agrees to the pension being paid on an unreduced basis.

Depending on the circumstances of the Executive Director's leaving and the financial health of the Company at the time, the Committee will consider a cash commutation of the UURBS pension at the time of leaving. Any cash commutation would limit SSE's liability, taking into account valuations by independent actuarial advisors. This would be undertaken on what the Committee judges to be a cost neutral basis to SSE.

The following is information about the pension of Alistair Phillips-Davies, who is in the HMRC-approved Southern Electric Group of the Electricity Supply Pension Scheme. The terms of this also apply to the UURBS arrangement.

- Dependants' pensions on death are four-ninths of the member's pensionable pay, together with a capital sum equal to four times pensionable pay. If death occurs after the age of 55 an additional lump sum between three to five times notional pension is payable depending on age and length of service.
- On death in retirement, the Director's spouse will receive a pension equal to two-thirds of that payable to the Director. In addition, if death is within the first five years of retirement, a lump sum is payable equal to the balance outstanding of the first five years' pension payments.
- Post-retirement increases are expected to be in line with RPI (guaranteed up to the level of 5% per year and discretionary above that level).

Other arrangements

If buyout awards are made on recruitment, the treatment on leaving will be determined at the time of the award.

For all-employee share plans, such as the Sharesave Scheme and the Share Incentive Plan, leavers will be treated in line with the HMRC-approved plan rules.

Change of control

On a change of control, Executive Directors' awards will be treated in line with the rules of the applicable plan(s). In summary, if there's a change of control of the Company, performance in the PSP will be measured to that date. This is subject to modification if the Committee considers that the performance conditions would be met to a greater or lesser extent at the end of the original performance period. Awards will normally be scaled down to reflect the period up to the change of control. The Committee can remove or change the pro-rating fraction if it feels that participants' contribution to creating shareholder value during the performance period would not otherwise be properly recognised.

Any outstanding unvested deferred shares from the AIP will vest automatically, and any vested shares subject to a holding period will be released.

Recovery provisions

The Committee believes that it should be able to recover pay in circumstances where that pay is later proved to have been unfairly earned. The PSP and AIP have recovery provisions under malus and clawback.

Malus is the ability to reduce or cancel unvested deferred AIP and PSP share awards. Clawback is the ability to take back value delivered through the cash element of AIP or vested AIP awards at any point. In order to provide sufficient time for any issues to come to light, it will apply for up to three years post-payment of cash under the AIP and up to three years post-vesting of PSP shares. They would apply under the following circumstances at any point between the grant date and vesting date:

- Material misstatement or restatement of accounts
- Misconduct which results in a materially adverse financial effect
- Serious reputational damage including material environmental or safety issue, or material operational or business failing
- Factual error in calculating payment/vesting
- Serious misconduct
- Corporate failure
- Material risk failure
- Material detriment to the market reputation of stakeholders or the Company
- Unreasonable failure to protect stakeholders' interests

These recovery provisions form part of the relevant plan rules which participants agree to be bound to as part of their service contracts.

Recruitment policy

The Committee aims to align remuneration packages with this Policy. In determining a total remuneration package for a new recruit, the overriding objective is to make decisions in the best interests of SSE, its shareholders and other stakeholders.

Base salary will be set with reference to the individual's skills, experience and performance, salary levels at similar sized UK companies and domestic and international energy businesses, remuneration of different groups of employees, and wider internal pay arrangements.

The Committee will determine appropriate pension provision for any new Executive Director. When determining pension arrangements for new external appointments, the Committee will keep contributions in line with the potential pension contributions available to the wider employee population which is currently 12% of salary.

Variable incentive levels will be in line with those set out in the policy table, with the maximum no more than 200% of base salary for AIP and 300% of base salary for PSP. While the intention is generally to set consistent performance measures across the executive team, it may sometimes be necessary to set alternative measures for the initial awards based on the timing and circumstances of a new appointment. PSP awards may be granted shortly after an appointment, as long as the Company is not in a closed period.

The Committee may make awards under the Company incentive plans or other available structures when appointing an Executive Director to "buy out" remuneration arrangements given up on leaving previous employment. In doing this, the Committee will take into account relevant factors such as performance conditions attached to these awards, their form (cash or shares), and the time over which they would have vested. Generally, buy-out awards will be made on a comparable basis to the ones forfeited.

Under the FRC Listing Rules exemptions, the Committee may make awards under SSE's incentive plans to facilitate the recruitment or retention of an Executive Director in unusual circumstances. The use of the exemption is limited to the granting of buy-out awards or share awards within the limits described above.

Directors' Remuneration Policy continued

Shareholders' views

The Committee Chair, on behalf of the Committee, consulted with SSE's largest shareholders in developing the new Remuneration Policy, as well as representatives from the main proxy voting agencies. Details of the consultation process are on page 130.

The Committee Chair also consults from time to time with institutional shareholders on a broad range of remuneration issues. The Committee finds such meetings a valuable chance to hear feedback on the work of the Committee and the key issues it's considering. The helpful feedback and insights received inform the Committee's decisions.

The Committee also monitors the views of other stakeholders and broader developments in executive remuneration.

Remuneration engagement across SSE

The Committee appreciates the importance of maintaining an appropriate relationship between remuneration levels of Executive Directors, senior executives, managers and other employees in SSE (although comparison metrics are not used to determine pay policy). The structure of reward necessarily differs based on scope and responsibility of role, level of seniority and location.

The table on page 150 shows how the core elements of executive pay align with the wider workforce.

In summary:

- Senior management also participates in annual and long-term incentive arrangements. In line with Executive Directors' arrangements, incentives for senior management have an emphasis on share awards, and the performance metrics support those used at Board level.
- All employees have the opportunity to own shares through the Share Incentive Plan and Sharesave Plan. These shareholders are able to express their views in the same way as any other shareholders.
- Pension planning is an important part of SSE's reward strategy for all employees as it's consistent with the long-term goals and horizons of the business.
- As part of its Employee Engagement Survey, SSE invites all employees to share their views on benefits and pay.

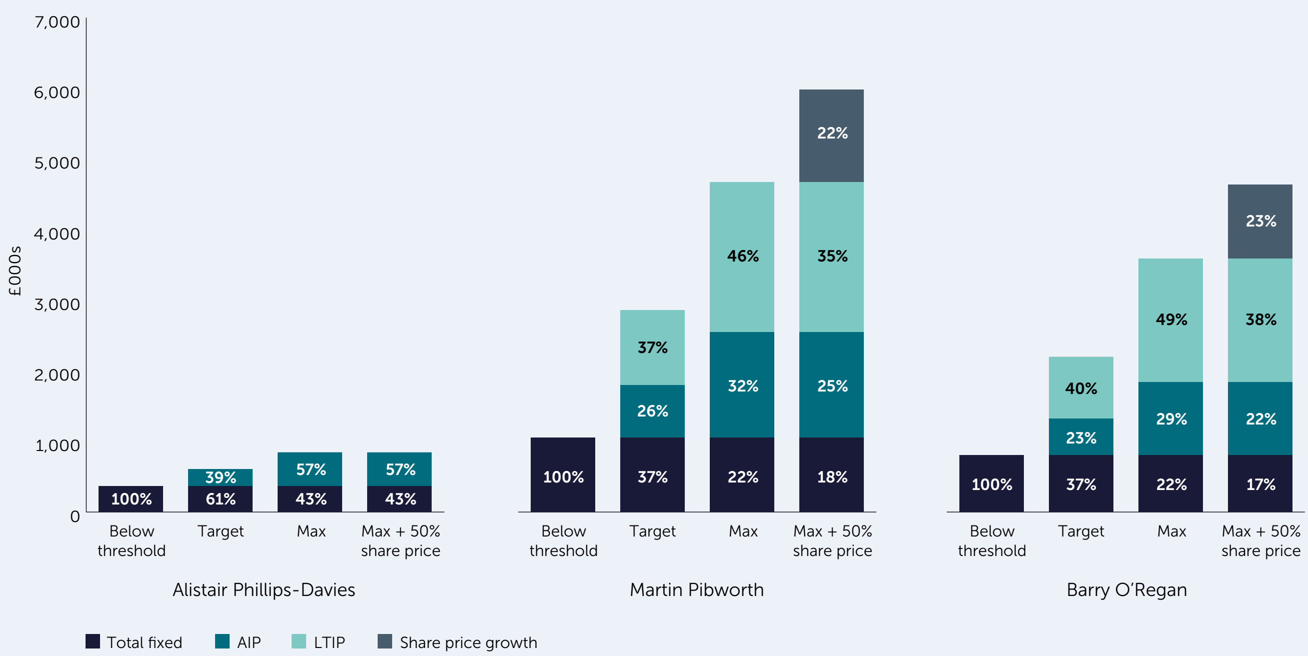
The Remuneration Committee is responsible for determining the pay for SSE's most senior executives and the Chair of the Board. It also reviews remuneration arrangements for all employees across the Group.

The Chair of the Remuneration Committee meets at least once a year with SSE's recognised trade unions to discuss SSE's position on executive remuneration.

Illustration of the Directors' Remuneration Policy for 2025/26

These charts show a forward-looking potential single total figure of remuneration value for 2025/26 at below threshold, target and maximum for each of the Executive Directors. The scenarios incorporate the proposed changes to remuneration for Martin and Barry following Martin's appointment as Chief Executive on 17 July 2025, as described on page 127, and represent an increase on the previous year. Alistair will step down from the Board on 17 July 2025 and his pay has been pro-rated to this date. He will receive no PSP grant in the year, and he will receive a pro-rated AIP award without any deferral into shares.

Single total figure of remuneration – an illustration of the application of our policy

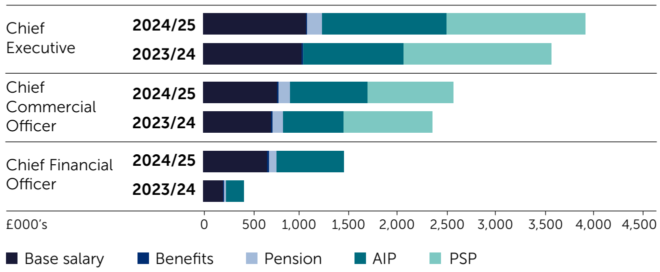


Remuneration at a glance

Single total figure of remuneration outcomes in 2024/25

Executive Directors' total remuneration has increased relative to the previous year. This is partly because the Chief Financial Officer joined the Board part way through 2023 and so his pay in the previous year was pro-rated. Fixed pay was higher in 2024/25, following increases to base salary, and a higher valuation of the Chief Executive's final salary pension. Variable pay was also slightly higher on account of a higher AIP outturn.

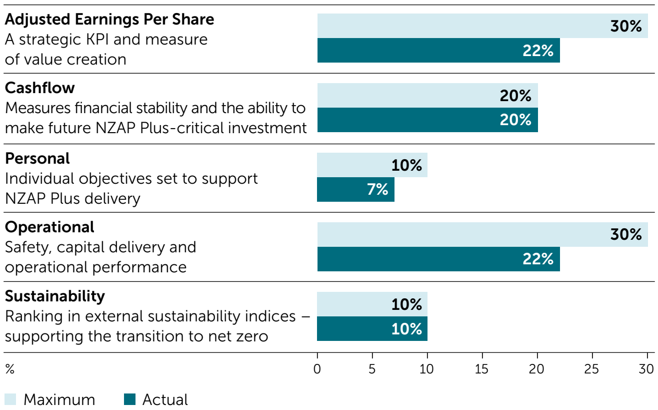
This chart shows the single total figure of remuneration for each Executive Director.



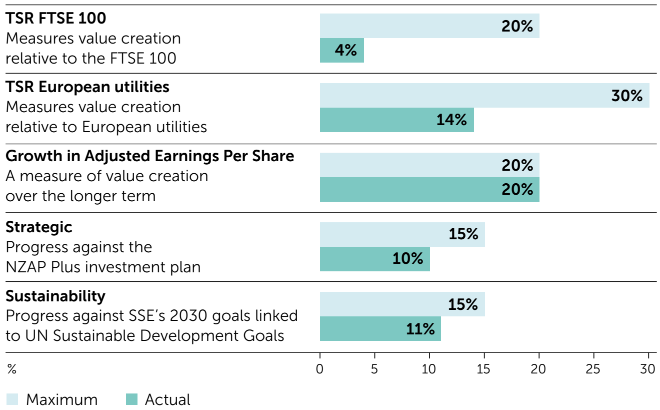
Incentive performance

These charts show incentive plan performance during the year relative to the maximum outturn achievable under each measure. They explain how each performance measure links to wider SSE strategy. The overall outturn for the Annual Incentive Plan (AIP) is 81% and the overall outturn for the Performance Share Plan (PSP) is 59%.

Annual Incentive Plan



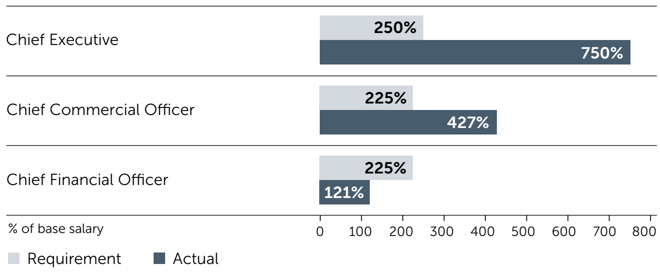
Performance Share Plan



Executive shareholding

Executive Directors are required to maintain a holding of SSE shares in order to align their interests with those of SSE's shareholders. This chart shows shareholdings at 31 March 2025 relative to the shareholding requirement for each Executive Director.

The Chief Executive is currently required to hold shares equivalent to 250% of base salary, and the other Executive Directors are required to hold shares equivalent to 225% of base salary. Both the Chief Executive and the Chief Commercial Officer have exceeded the shareholding requirement. The Chief Financial Officer continues to build up a shareholding following his appointment in 2023.



Annual Report on Remuneration

Key:

AUDITED
Table content that sits under the amber Audited rule has been subject to audit.

IMPLEMENTATION
Table content that sits under the turquoise Implementation rule is planned for implementation in 2025.

This Annual Report on Remuneration explains what each Executive Director was paid for the financial year ending 31 March 2025 and what they will be paid for the 2025/26 financial year.

1. Single total figure of remuneration (audited)

The table below shows the single total figure of remuneration for each Executive Director over the past two years. There has been a year-on-year increase in remuneration of 25%.

Barry O'Regan joined the Board as Chief Financial Officer (CFO) on 1 December 2023 so his pay in 2023/24 was pro-rated which accounts for a large part of the increase.

Fixed pay was higher in 2024/25 following increases to base salary from 1 April 2024, and also because of the valuation of the final salary pension of Alistair Phillips-Davies. The pension valuation is based on the capitalised pension accrual during the period. Due to high CPI in 2023/24, the value was negative and shown as zero in the table in line with reporting regulations. The pension valuation has returned to a positive value in 2024/25.

Variable pay was slightly higher in 2024/25 on account of higher annual incentive outcomes following strong financial and operational performance. The longer-term PSP award was slightly lower despite 2024/25 being the first year of vesting following an increase to the maximum opportunity. This is because performance was assessed at a slightly lower level than the previous year, and also because the award did not benefit from any share price appreciation.

As his home base is in the Republic of Ireland, Barry's pay is determined in sterling and converted into euros for payment. The table shows his remuneration in sterling and, where applicable, an exchange rate of £1 to €1.1589 has been used. This was the 12-month average exchange rate to 31 March 2024.

AUDITED

		Fixed pay				Variable pay			
£000s		Base salary	Benefits	Pension	Total fixed pay	AIP	PSP	Total variable pay	Total
Alistair Phillips-Davies	**2024/25**	**1,044**	**11**	**154**	**1,209**	**1,269**	**1,414**	**2,683**	**3,892**
	2023/24	999	20	0	1,019	1,034	1,509	2,543	3,562
Martin Pibworth	**2024/25**	**750**	**19**	**113**	**882**	**790**	**877**	**1,667**	**2,549**
	2023/24	688	19	103	810	617	910	1,527	2,337
Barry O'Regan	**2024/25**	**650**	**20**	**78**	**748**	**684**	**–**	**684**	**1,432**
	2023/24	203	7	24	234	179	–	179	413
Total	**2024/25**	**2,444**	**50**	**345**	**2,839**	**2,743**	**2,291**	**5,034**	**7,873**
	2023/24	1,890	46	127	2,063	1,830	2,419	4,249	6,312

The following sections give more detail on each element of pay including any underlying assumptions, calculations and explanations of the figures.

Base salary

In setting base salaries, the Remuneration Committee takes into account a range of internal and external factors including:

- performance;
- progress against the NZAP Plus;
- Total Shareholder Returns over the year;
- wider workforce pay;
- the increasingly competitive market for talent; and
- salaries at other UK-listed companies of a similar size and complexity, and other energy businesses.

From 1 April 2024, Alistair's salary was increased by 4.5%, less than the pay budget for the wider workforce which was typically 6% to 6.5%. Martin Pibworth's salary was increased by 9%: a normal salary increase of 4.5% plus an additional 4.5% to account for his expanded role after Gregor Alexander retired as Finance Director.

It's proposed that base salaries for Alistair and Martin are increased by 3% from 1 April 2025. This is lower than the base salary increases for the wider workforce. Half of the employee group covered by trade union agreements is expected to receive an increase of around 6.2% from 1 April 2025. This includes a pay award of CPIH (expected to be around 3.9%) plus 1%, and an additional 1.3% related to pay progression. The pay budget for the rest of employees was 3%, with awards typically ranging from between 1.5% and 5% depending on performance.

Martin's base salary will increase to £970,000 when he becomes Chief Executive on 17 July 2025, and to £1,050,000 from 1 April 2026, subject to satisfactory performance in the role.

Ahead of his appointment to the Board as CFO on 1 December 2023, it was agreed that Barry O'Regan's salary would start at £600,000 and increase to £650,000 from 1 April 2024, then to £700,000 from 1 April 2025, subject to review (as disclosed in previous annual reports). Barry's base salary position will be reviewed in September following the Board changes.

	AUDITED			IMPLEMENTATION	
£000s	2023/24	% increase	2024/25	% increase	2025/26
Alistair Phillips-Davies	999	4.5%	**1,044**	3.0%	1,075
Martin Pibworth	688	9.0%	**750**	3.0%	773 (from 1 April 2025) 970 (from 17 July 2025)
Barry O'Regan	203	8.3%	**650**	7.7%	700 (subject to further review in September 2025)

Benefits

Appropriate benefits are provided to Executive Directors, taking into account market practice at similar sized companies and the level of benefits given to the wider workforce. Core benefits include car allowance or company car, private medical insurance and health screening. They can also participate in SSE's all-employee share schemes on the same terms as other employees.

The values shown in the table below represent the cost to SSE of providing benefits to Executive Directors in line with the choice available to the wider employee population. Part way through 2023/24, Alistair opted to participate in SSE's company car scheme, which has a lower value than the car allowance he previously received. This reduced his overall benefits value for the year.

No changes are proposed to benefits in 2025/26.

	AUDITED		IMPLEMENTATION
£000s	2023/24	2024/25	2025/26
Alistair Phillips-Davies	20	**11**	In line with 2024/25
Martin Pibworth	19	**19**	In line with 2024/25
Barry O'Regan	7	**20**	In line with 2024/25

Pension

SSE's pension arrangements for all employees depend on when they joined. This is also true for Executive Directors, whose arrangements align to other employees with similar levels of service.

Alistair is a member of the Southern Electric Pension Scheme, and his plan membership predates his Board appointment. He participates in the same defined benefit pension arrangements that were available to all employees recruited at that time when he joined in 1997. The scheme closed in 1999 and the service costs are 32.5% of salary. This is a funded final salary pension scheme and the terms of the scheme apply equally to all members. His service contract provides for a possible maximum pension of two-thirds of final salary from the age of 60. An approved pension is payable from the scheme, with the balance of the pension entitlement met directly by SSE through an Unapproved Unfunded Retirement Benefits scheme (UURBS).

Alistair has the following pension provisions relating to leaving SSE:

- For retirement through ill-health, an unreduced pension based on service to expected retirement is paid.
- If there's a reorganisation or redundancy, an unreduced accrued pension is paid to members who are 50 or older with at least five years' service or, for members who have not yet reached that age, it will be payable from 50 years old.
- From the age of 55, a member is entitled to leave SSE and receive a pension, reduced for early payment, unless SSE gives consent and funds this pension on an unreduced basis.

The pension value shown in the single total figure of remuneration table for Alistair represents the increase in capital value of pension accrued over one year times a multiple of 20 (net of CPI and Directors' contributions) in line with statutory reporting requirements. The value of the defined benefit pension is based on the capitalised pension accrual (net of CPI inflation) during the period, less the direct employee contribution of £153,600. The outcome of this calculation was zero in the prior year due to high rates of CPI working through the required calculations.

The actual pension accrued by Alistair during the year is shown here:

£000s	2023/24	2024/25
Alistair Phillips-Davies	597	**646**

Martin, who joined SSE in 1998, receives a cash allowance in lieu of pension contributions at 15% of base salary. This is in line with the employer's contribution for the majority of SSE's employees, taking into account length of service. This follows a phased reduction from 30% of base salary, which was his pension allowance on becoming an Executive Director in 2017. His pension allowance will reduce further to 12% of base salary on his appointment to Chief Executive.

Annual Report on Remuneration continued

Barry participates in the SSE Ireland Pension Scheme, a defined contribution arrangement. SSE makes employer's contributions equivalent to 12% of base salary, aligned to the policy for new appointments and the potential pension contribution available to employees.

£000s	2023/24 (AUDITED)	2024/25 (AUDITED)	2025/26 (IMPLEMENTATION)
Alistair Phillips-Davies	0	**154**	No change
Martin Pibworth	103	**113**	15% (reducing to 12% on Chief Executive appointment)
Barry O'Regan	24	**78**	No change

Annual Incentive Plan

The Annual Incentive Plan (AIP) requires broad performance across a range of financial and strategic metrics set at the beginning of the financial year. For 2024/25, performance was assessed at 81% of the maximum opportunity for Executive Directors. A detailed performance scorecard is shown on the following pages.

The total award is made up of a 67% cash award with 33% deferred as shares for a period of three years.

AUDITED

	AIP award for 2024/25			
£000s	Maximum opportunity as % of base salary	AIP cash	AIP deferred as shares	AIP total
Alistair Phillips-Davies	150%	**1,269**	–	**1,269**
Martin Pibworth	130%	**529**	**261**	**790**
Barry O'Regan	130%	**459**	**226**	**684**

AIP performance scorecard

Performance measures and a summary assessment are shown in the table below. The outturns have been arrived at by applying formulaic assessment (where possible), judgement, and relativity to past performance. There are more details of the performance of each measure beneath the scorecard.

As part of their performance assessment, the Remuneration Committee has also considered SSE's performance in the round and against our pay principles. It is satisfied that the outcomes noted below are appropriate and reflect performance in the year and agreed that no discretion should be applied to the overall outturn.

	Measure	Weighting	Performance: Threshold	Performance: Maximum	Outcome	Outturn (% of total AIP)
Financial (50%)	**Adjusted Earnings Per Share (EPS)** Underlying measure of financial performance and a strategic KPI	30%	146p (25% outturn)	170p (100% outturn) 73%	159.0p	22%
	Cashflow Ratio of net debt to EBITDA	20%	4.2x (25% outturn)	3.6x (100% outturn) 100%	3.2x	20%
Strategic (50%)	**Personal** Assessment against a range of personal objectives set at the beginning of the year	10%	Rating 1 (zero outturn)	Rating 5 (100% outturn) 70%	Rating 4	7%
	Operational Operational goals relating to safety, capital delivery and operational performance	30%	Rating 1 (zero outturn)	Rating 5 (100% outturn) 73%	Rating 4	22%
	Sustainability Sustainability performance independently assessed relative to peer groups	10%	Median ranking (20% outturn)	Upper quintile ranking (100% outturn) 100%	Average 89th percentile	10%
Total						81%

Adjusted Earnings Per Share (30%)

The adjusted Earnings Per Share of 159.0p used in the AIP assessment is the value before the 1.9p exclusion described on page 22 relating to "Employee Benefits" charges. This resulted in a 73% outturn.

Cash flow (20%)

The cash flow metric for 2024/25 has performed well with net debt 3.2 times EBITDA resulting in a 100% outturn for this measure based on a formulaic assessment.

Personal (10%)

Executive Directors have detailed personal objectives which are set and agreed by the Committee at the start of the year, then assessed at year-end based on judgement, and relativity to past performance. As a majority of objectives set were at or above target, the Executive Directors were rated four on a one-to-five rating scale. This resulted in a 70% outturn for this measure.

Summary of objectives set	Summary of performance assessment	
A range of objectives are set specific to each objective, they include: – Safety – Strategy – Financial – Operations – Stakeholder management – Team and personal development – Inclusion and diversity	– Overall strong performance in a challenging environment – Safety performance has been good with all businesses improving, and no life changing injuries – Around £3bn invested in critical national infrastructure during the year as part of the NZAP Plus – Effectively pivoted capital around renewables, networks and flexibility assets reflecting changes to market opportunities – Adjusted EPS delivered above budget – Key project delivery milestones achieved in relation to: Viking, Yellow River and Chaintrix onshore windfarms; Shetland HVDC link; and the new Slough Multifuel plant	– Committed to being a critical partner in the clean energy transition through engagement with various stakeholders including Ofgem, NESO, and UK and Irish governments, and through attendance at COP29 – Succession plans in place ahead of the Board changes in July 2025 – An efficiency review has been established to set SSE up for the next phase of growth – Representation across SSE's workforce increased in key diversity metrics during 2024/25, and all cohorts of senior leadership (except GEC) saw increases in the proportion of women represented

Operational (30%)

At the beginning of the year, the Committee reviewed and set operational measures. These fall under one of three distinct areas worth 10% each: safety, capital delivery, and operational performance. Quantitative targets set at the beginning of the year are assessed formulaically and adjusted to take into account broader performance in each of these areas. In 2024/25, a substantial majority of goals were assessed at being at or above target, and this resulted in a 73% outturn.

Measure	Factor	Summary performance	Weighting	Performance outcome	Outturn
Safety	Overall employee and contractor safety performance including TRIR (Total Recordable Injury Rate)	– Fewer reportable injuries, high potential injuries and RTCs (road traffic collisions) – Improved TRIR performance for contract partners – Slightly reduced TRIR performance for SSE colleagues – Immersive safety training delivered to over 8,000 SSE colleagues and won a Utility Week award – Awarded Investors in People: We invest in Wellbeing Platinum Accreditation – For more information see page 122	10%	80%	8%
Capital delivery	Large capital project (LCP) performance, SSEN Distribution capex, SSEN Transmission RAV, SSE Renewables pipeline	– First power from Dogger Bank offshore wind farm – Significant progress in delivery of SSEN Transmission's Pathway to 2030 programme – More than £7bn transmission network infrastructure asset base – Significant increase in SSEN Distribution capex – SSE Renewables secured 1GW share in IJmuiden Ver Alpha offshore wind farm in the Netherlands, 200MW solar in Poland, 800MW for Fearna pumped storage in Scotland – For more information see page 30 onwards	10%	56%	6%
Operational performance	SSEN Distribution incentive performance, SSEN Transmission network reliability, SSE Renewables availability and production, SSE Thermal availability and reliability	– SSEN Distribution incentive performance impacted through weather and planned IIS (Interruptions Incentive Scheme) impacts – Mixed performance through the Energy Not Supplied (ENS) incentive – SSEN Transmission's overall network reliability measured by NESO was 99.99% – SSE Renewables asset availability and production performance exceeded targets on a weather adjusted basis – Strong underlying performance across SSE Thermal despite extended outages at Great Island and Keadby 2 – For more information see page 30 onwards	10%	78%	8%
Total			30%	73%	22%

Annual Report on Remuneration continued

Sustainability (10%)

Since 2022, SSE has linked AIP to sustainability by assessing performance against external sustainability indices which rank SSE against a peer group based on a number of ESG metrics. High thresholds were set, with a maximum outturn only available for an average upper quintile performance. SSE's average performance is in the 89th percentile resulting in a 100% outturn, which is aligned with the previous year's performance.

Measure	Factors considered in ESG assessment	Assessment	Weighting	Performance outcome	Outturn
Sustainalytics ESG risk rating Electric Utilities sub-industry – global peer group consisting of c.270 companies	Carbon – own operations; emissions, effluents and waste; resource use; land use and biodiversity; business ethics; corporate governance; product governance; community relations; human capital; occupational health and safety.	Score: 21.8; 88th percentile; Upper quintile (February 2025)			
S&P Global CSA Electric Utilities peer group – global peer group consisting of c.270 companies	26 different categories which cover all the above plus issues such as policy influence, information and cyber security, talent attraction and retention, stakeholder engagement, and climate strategy.	Score: 71/100; 89th percentile; Upper quintile (February 2025)			
Average ranking: 89th percentile		Upper quintile	10%	100%	10%

IMPLEMENTATION

AIP – performance measures for 2025/26

Martin's AIP opportunity will increase from 130% to 175% of base salary when he becomes Chief Executive on 17 July 2025, and to 200% of base salary from 1 April 2026, subject to approval. Barry's AIP opportunity will increase from 130% to 155% of base salary from 17 July 2025, and to 180% of base salary from 1 April 2026, subject to approval.

AIP measures in 2025/26 will be largely unchanged. Adjusted Earnings Per Share and cash flow remain key measures for the AIP. Targets, aligned with the NZAP Plus, are set each year and take into account wider market factors. Due to commercial sensitivities, detailed targets are not shared at this stage. They will be disclosed retrospectively in as much detail as possible in next year's report.

	Measure	Weighting
Financial (50%)	**Adjusted Earnings Per Share (EPS)** Underlying measure of financial performance and a strategic KPI	30%
	Cash flow Ratio of net debt to EBITDA	20%
Strategic (50%)	**Personal** Assessment against a range of personal objectives set at the beginning of the year	10%
	Operational Operational goals relating to safety, capital delivery and operational performance	30%
	Sustainability Sustainability performance independently assessed relative to peer groups	10%

Examples of the operational measures that will be considered are as follows:

- Safety: employee and contractor safety performance
- Capital delivery: LCP performance, SSEN Distribution capex, SSEN Transmission RAV, SSE Renewables cost efficiency
- Operational performance: SSEN Distribution incentives, SSEN Transmission network reliability, SSE Renewables availability and production, SSE Thermal availability and reliability

Performance Share Plan

The PSP is a long-term incentive plan where a grant of shares is made to Executive Directors before vesting to them three years later. This is subject to performance conditions designed to encourage sustainable value creation, effective stewardship and good long-term decision making. Under the 2022 PSP, which matures in 2025, a range of value creation, financial and strategic performance metrics are assessed. This will be the first year of assessing against the new performance measures implemented as part of the 2022 Directors' Remuneration Policy review.

Performance has been assessed at 59% of the maximum opportunity. Shares awarded are subject to an additional two-year post-vesting holding period.

The estimated value of the award is based on the average share price in the three months up to 31 March 2025 at £15.46. Nothing was attributable to share price appreciation over the period. As the award will not vest until after this report is published, the actual value on vesting will be confirmed in next year's report. The table below provides details of the award.

AUDITED

2022 PSP award vesting

	Maximum opportunity as % of base salary	Share awards available	Additional awards in respect of accrued dividends	Total number of shares vesting	Estimated value of awards vesting £000s	Share price appreciation £000s
Alistair Phillips-Davies	250%	135,407	19,644	91,480	1,414	–
Martin Pibworth	225%	83,928	12,174	56,700	877	–
Barry O'Regan	–	–	–	–	–	–

Barry received his first grant under the PSP in 2024, which will vest in 2027. In the interim, he will continue to receive share awards which were granted before he joined the Board under the below-Board long-term incentive plan, the Leadership Share Plan (LSP). As this award does not relate to his Board service, it's not included in the total single figure of remuneration table. The value of the award vesting under the LSP in 2025 will be £193,853.

PSP performance scorecard

The PSP measures and performance summary are in the table below. The value creation and financial outturns are assessed formulaically. The strategic and sustainability metrics have been assessed using a framework which scores each area between one (below threshold) and five (all goals at or above target). The Remuneration Committee has reviewed the outturns taking into account the wider environment and believe that they are fair in the context of broader performance over the three-year period. As such, no discretion has been applied to the outcome.

	Measure	Weighting	Performance: Threshold	Performance: Maximum	Performance outturn	Outcome	Outturn (% of total award)
Value creation (50%)	**Total Shareholder Return (FTSE 100)** Relative share price performance against FTSE 100	20%	Median ranking (20% outturn)	Upper quintile ranking (100% outturn)	21%	Rank 47 of 94	4%
	Total Shareholder Return (Utilities) Relative share price performance against the MSCI European utilities index	30%	Median ranking (20% outturn)	Upper quintile ranking (100% outturn)	48%	Rank 10 of 24	14%
Financial (20%)	**Adjusted Earnings Per Share growth** Compound annual growth rate (CAGR) over the three-year performance period	20%	4% CAGR (20% outturn)	11% CAGR (100% outturn)	100%	19% CAGR	20%
Strategic (30%)	**Strategy** Performance against the NZAP Plus	15%	Rating 2 (20% outturn)	Rating 5 (100% outturn)	67%	Rating 3/4	10%
	Sustainability Performance against SSE's 2030 goals	15%	Rating 2 (20% outturn)	Rating 5 (100% outturn)	70%	Rating 4	11%
Total							59%

Total Shareholder Return – FTSE 100 (20%)

TSR performance relative to the FTSE 100 peer group was just above median leading to an outturn of 21%.

Total Shareholder Return – MSCI European utilities (30%)

TSR performance relative to the European utilities peer group was between median and upper quartile leading to an outturn of 48%.

Adjusted EPS growth (20%)

Adjusted EPS at the end of the performance period was 159.0p (the value before the 1.9p exclusion described on page 22 relating to "Employee Benefits" charges) against a baseline of 95.4p, representing a compound annual growth rate (CAGR) of 19%. This exceeded the maximum performance target and resulted in an outturn of 100%.

Annual Report on Remuneration continued

Strategy (15%)

The strategy measure assesses performance against the main areas of implementation to the NZAP Plus against a five-point rating scale where one is 'below threshold' and five is 'all goals at or above target'. The Committee assessed performance as shown in the table, resulting in an outturn of 67%.

Measure	Factor	Summary performance	Weighting	Performance outcome	Outturn
Renewables	>10GW pipeline of net installed capacity potential by FY26. 2GW to be built by FY26.	– Challenging market conditions has meant focus on value over volume – Current FY27 projection of around 7GW – Total secured pipeline is currently around 17GW	6%	Rating 2 30%	1.8%
Networks growth	SSEN Transmission and Distribution to exceed NZAP RAV growth targets of £6bn for SSEN Transmission and £5.5bn for Distribution.	– Targets comfortably met and exceeded – Projected RAV in SSEN Transmission is greater than £12bn by FY27 – Projected RAV in SSEN Distribution is around £7bn by FY27	7.5%	Rating 5 100%	7.5%
Energy businesses	Low carbon thermal installed capacity to meet 0.9GW by FY26. Distributed Energy (DE) installed capacity to reach 0.6GW by FY26.	– Government policy progress slower than expected – DE is expected to be 0.23GW – Taken a final investment decision on 300MW Tarbert Next Generation power station in Ireland, with planned completion by the end of 2027	0.75%	Rating 2 20%	0.2%
Customer	On course to be a leading PPA player in the market by 2026.	– Onshore wind Corporate Power Purchase Agreements (CPPA) executed in four regions in Ireland, France, Italy and Spain – Further offshore framework agreed in the Netherlands	0.75%	Rating 4 70%	0.5%
Total			15%	67%	10%

Sustainability (15%)

The sustainability measure assesses performance against the 2030 goals, which are aligned to the UN's Sustainable Development Goals (SDGs), against a five-point rating scale where one is 'below threshold' and five is 'all goals at or above target'. The Committee assessed performance as shown in the table, resulting in an outturn of 70%.

Measure	Factor	Summary performance	Weighting	Performance outcome	Outturn
SDG 13 **Climate action**	Reduce scope 1 carbon intensity by 80% by 2030, compared to 2017/18 levels, to 61gCO_2e/kWh.	– Scope 1 carbon intensity decreased by c.14% overall between FY23 and FY25, from 254gCO_2e/kWh to 218gCO_2e/kWh – During the period, SSE achieved its lowest scope 1 intensity on record in FY24, at 205gCO_2e/kWh, however the increase in FY25 resulted due to increased thermal generation output and the impact of constrained wind	3.75%	Rating 4 70%	2.6%
SDG 7 **Affordable and clean energy**	Build a renewable energy portfolio that generates at least 50TWh of renewable electricity a year by 2030.	– SSE Renewable's output increased from 10.2TWh in FY23 to 13.3TWh in FY25 – Key project milestones reached with Viking and Seagreen entering into operation, and first power at Dogger Bank	3.75%	Rating 3 40%	1.5%
SDG 9 Industry, innovation and infrastructure	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.	– Total renewable generation capacity connected within SSEN Transmission's network area increased c.40%, from 7.8GW to 10.9GW over the performance period – SSEN Distribution facilitated increased demand for low-carbon technologies connected to its network with the number of electric or hybrid vehicles registered in its licence areas increasing from 130,000 to c.336,000	3.75%	Rating 4 70%	2.6%
SDG 8 Decent work and economic growth	Be a global leader for the just transition to net zero, with a guarantee of fair work and commitment to paying fair tax and sharing economic value.	– Continuation of commitment to fair work and fair tax principles, celebrating a decade of both Living Wage and Fair Tax Mark accreditations – Maintained top position in the just transition element of the WBA Climate and Energy benchmark – Published an action plan for delivering a just transition for SSEN Distribution energy consumers, reviewed SSE's Just Transition Strategy and developed 10 KPIs to measure progress	3.75%	Rating 5 100%	3.8%
Total			15%	70%	11%

PSP – performance measures for the 2025 to 2028 award

Subject to approval of the new Policy, Martin's PSP opportunity will increase from 225% to 275% of base salary for the 2025 grant, and to 300% of base salary for the 2026 grant. Barry's PSP opportunity will increase from 225% to 250% of base salary for the 2025 grant, and to 275% for the 2026 grant.

There are no changes proposed to the measures: the award granted in 2025 will use the same measures as the previous three years, as shown below.

Measure	Description	Weighting	Threshold	Maximum
TSR FTSE 100	Relative share price performance against FTSE 100	20%	50th percentile (20% outturn)	80th percentile (100% outturn)
TSR MSCI	Relative share price performance against the MSCI European utilities index	30%	50th percentile (20% outturn)	80th percentile (100% outturn)
Adjusted Earnings Per Share	Growth targets in line with SSE's plan over three years linked to the NZAP Plus	20%	165p +CPI (20% outturn)	200p +CPI (100% outturn)
Strategic	Performance in the main areas of the implementation of the NZAP Plus	15%	Rating 2 (20% outturn)	Rating 5 (100% outturn)
Sustainability	Performance linked to UN Sustainable Development Goals	15%	Rating 2 (20% outturn)	Rating 5 (100% outturn)

The target range for adjusted EPS will be 165p to 200p consistent with the range for the 2024 to 2027 award although, to reflect that this will be measured a year later, these figures will be increased by CPI over the period April 2027 to March 2028.

The changing macro-environment, delays to policy and planning and uncertainty over market reform have led to a revision of SSE's NZAP Plus. The 2030 goals are closely linked to NZAP Plus and are subject to ongoing review to ensure they continue to support SSE's strategy. Against this backdrop, an efficiency review has taken place recently with a focus on increasing competitiveness and rebalancing the Group for future growth. The Board's annual strategy review day will take place shortly after this report is published, taking these things into consideration.

The Committee has decided it would be prudent to delay setting detailed targets in relation to strategy and sustainability for the three-year performance period of the 2025 PSP grant until after this strategy session has taken place. Targets will be agreed by the Committee shortly and will be published retrospectively in next year's Directors' Remuneration Report. Further information on how SSE is 'responding to the world around us' can be found on page 5.

The strategy and sustainability measures under the PSP, and the personal measures under AIP, will be assessed against a five-point rating scale on the same basis as the awards under assessment this year. The ratings definitions and outturns are shown below. The Remuneration Committee may decide to award an outturn between levels if warranted.

Score	Performance assessment	Illustrative outturn as % of maximum
1	Below threshold	zero
2	Threshold performance	20%
3	Majority of goals at or above target	40%
4	Substantial majority of goals at or above target	70%
5	All goals at or above target	100%

AUDITED

Deferred bonus and PSP awards granted in 2024

The table below shows the deferred bonus and PSP awards granted to Executive Directors in 2024. Dividends will accrue during deferral, performance and holding periods.

Type of award	Date of grant	Director	Shares granted	Market value on date of award	Face value (£000s)
Deferred bonus	30 May 2024	Alistair Phillips-Davies	19,716	£17.16	338
		Martin Pibworth	11,768	£17.16	202
		Barry O'Regan	3,418	£17.16	59
				Sub total	**599**
PSP	30 May 2024	Alistair Phillips-Davies	150,807	£17.16	2,588
		Martin Pibworth	97,499	£17.16	1,673
		Barry O'Regan	84,489	£17.16	1,450
				Sub total	**5,711**
Total					**6,310**

The performance measures for the 2024 PSP award are Total Shareholder Return relative to the FTSE 100 (20%) and European utilities (30%), adjusted Earnings Per Share growth (20%), strategy (15%) and sustainability (15%). These measures are set out in detail on page 170 of SSE's 2024 Annual Report. The face value of the 2024 PSP awards was 250% of salary for Alistair, and 225% of salary for Martin and Barry. Threshold performance results in 20% of the award vesting.

Annual Report on Remuneration continued

Share ownership policy

The table below shows the shareholding and share interests of the Executive Directors at 31 March 2025. Alistair is required to maintain a shareholding equivalent to 250% of base salary, and other Executive Directors are required to maintain a shareholding equivalent to 225% of base salary. The shareholding requirement aligns with the face value of annual awards of shares under the performance share plan. Alistair and Martin have both exceeded the shareholding requirement, and Barry is building up a shareholding following his appointment to the Board in 2023.

AUDITED

			Number of shares			Number of options		
	Shareholding as a % of salary	Shares owned outright at 31 March 2025*	Interests in shares, awarded without performance conditions at 31 March 2025 (DBS Awards)	Interests in shares, awarded subject to performance conditions at 31 March 2025 (PSP Awards)	Interests in shares, awarded subject to performance conditions at 31 March 2025 (LSP Awards)	Interests in share options, awarded without performance conditions at 31 March 2025	Interests in share options, awarded subject to performance conditions at 31 March 2025	Shares owned outright at 31 March 2024*
Alistair Phillips-Davies	750%	491,164	63,630	420,662	–	–	–	431,416
Martin Pibworth	427%	200,936	37,823	264,761	–	1,326	–	166,083
Barry O'Regan	121%	49,244	12,540	84,489	32,540	1,068	–	40,294

* including holdings of any connected persons

Chair and non-Executive Directors' fees

Non-Executive Directors' fees – 2024/25

This table sets out what each non-Executive Director was paid for the financial year ending 31 March 2025 relative to the previous financial year.

Hixonia Nyasulu joined the Board on 1 January 2025 and will take up the role of Senior Independent Director when Helen Mahy steps down from the Board following the 2025 AGM in July.

AUDITED

£000s	2023/24	2024/25
Lady Elish Angiolini	96	**102**
John Bason	93	**107**
Tony Cocker	107	**102**
Debbie Crosbie	79	**82**
Peter Lynas	30	**–**
Helen Mahy	104	**127**
Sir John Manzoni	433	**452**
Hixonia Nyasulu	–	**21**
Melanie Smith	99	**107**
Dame Angela Strank	79	**82**
Maarten Wetselaar	46	**82**
Total	1,136	**1,264**

IMPLEMENTATION

Non-Executive Directors' fees – 2025/26

Fees are typically reviewed each year in a way that is consistent with wider remuneration policy, and relative to other companies of a similar size and complexity. In 2024/25, the Chair's fee and base non-Executive Director fees were increased by 4.5%, in line with Executive Directors' salary increases. A review of independently sourced benchmark data suggested that fees for the various Committee Chair roles and the non-Executive Director for Employee Engagement had fallen behind the FTSE 20 – 50 peer group and as such, increases were recommended to reflect the time commitments associated with these roles.

Proposed fee levels for 2025/26 are shown below and represent a 3% increase on the previous year, in line with the proposed increases to Executive Directors' salaries.

£000s	2024/25	2025/26
Chair fee	452	**466**
Base fee	82	**85**
Senior Independent Director	25	**26**
Audit Committee Chair	25	**26**
Remuneration Committee Chair	25	**26**
Energy Markets Risk Committee Chair	20	**21**
Safety, Sustainability, Health and Environment Advisory Committee Chair	20	**21**
Non-Executive Director for Employee Engagement	20	**21**

AUDITED

Non-Executive Directors' share interests

This table shows the share interests and shareholdings of the non-Executive Directors at 31 March 2025. They are each expected to build up a minimum holding of 2,000 SSE shares.

	Shareholding guideline	Shares owned outright at 31 March 2025*
Lady Elish Angiolini	Met	2,000
John Bason	Met	2,117
Tony Cocker	Met	5,000
Debbie Crosbie	Met	2,000
Helen Mahy	Met	3,310
Sir John Manzoni	Met	2,788
Hixonia Nyasulu	Met	2,000
Melanie Smith	Met	2,174
Dame Angela Strank	Met	2,152
Maarten Wetselaar	Met	4,000

* including holdings of any connected persons

Executive remuneration in context

Executive Directors' remuneration is considered in the wider context of workforce remuneration, shareholder returns and other financial dispersals. Below are some of the factors which the Remuneration Committee take into account when setting pay for Executive Directors.

Workforce pay

Similar pay principles apply to all employees across SSE, and there are commonalities between executive pay and wider workforce pay. While the Remuneration Committee's responsibilities focus on pay arrangements for Executive Directors and the Group Executive Committee, it is fully briefed on pay arrangements for the wider workforce and takes this into account in decision making. This table shows how pay is aligned across employee groups.

	Executive Directors and Group Executive Committee (GEC)	Wider workforce
Base salary	Base salaries are reviewed each year, taking into account skills, experience and performance; salary levels at other UK-listed companies of a similar size and complexity; wider internal pay arrangements; and the overall policy objective of setting competitive, but not excessive, remuneration against benchmarks.	There are two main groups of employees. Around half are subject to collective bargaining through our recognised trade unions. Annual increases are based on the attainment of skills. The remaining employees have salaries set with reference to market requirements. Annual increases are based on a performance pay matrix.
Benefits	Voluntary benefits are provided in line with the wider workforce, with the addition of contractual entitlements to car and private medical benefits.	Some employees receive contractual car and private medical benefits. All employees have access to a comprehensive suite of voluntary benefits including private medical benefits, a salary sacrifice car scheme, holiday purchase, financial wellbeing benefits, and a range of family-friendly benefits.
Pension	Pensions arrangements are aligned with the wider workforce.	All employees are members of a defined contribution pension scheme or one of our legacy defined benefit pension schemes, unless they've opted out. The arrangements are diverse, and employer costs typically range from 3% to 32.5% of salary when both defined contribution and defined benefit schemes are taken into account.
Annual incentive	AIP for Executive Directors is linked directly to performance and structured around performance measures that are 50% financial and 50% non-financial. The award is delivered as 67% cash and 33% deferred shares. GEC members participate on the same basis as other eligible employees.	Around half of the wider employee population is eligible for AIP. Awards are linked to the performance of the Group, the employee's business or function, and the employee's individual performance rating. Employees in leadership roles may have a portion of their award deferred as shares.
Long-term incentive	Executive Directors participate in the PSP which is a share award over three years with performance linked to value creation, financial, strategic and sustainability measures. GEC members participate in the Leadership Share Plan on the same basis as others in leadership roles.	Senior leaders are eligible for the Leadership Share Plan. This is a share award over three years, part focused on retention and the rest linked to both Group and business performance in relation to the NZAP Plus. All employees may participate in a Share Incentive Plan (SIP) and SAYE.
Share ownership policy	Executive Directors are required to maintain a minimum shareholding of SSE shares linked to the level of annual award under the PSP (up to 300% of base salary). GEC members are required to build up a shareholding of SSE shares equivalent to 100% of base salary.	All employees are encouraged to become SSE shareholders through participation in the SIP or SAYE. Around 50% of employees participate in SAYE, and 67% of employees participate in SIP.

Chief Executive pay ratio

SSE's remuneration policy is designed with fairness in mind – fairness to Executive Directors in recognition of their responsibilities, and fairness relative to the rest of the SSE team. SSE's Chief Executive-to-employee pay ratio has been disclosed in the Annual Report since 2016, before this reporting became mandatory in 2019.

The following table shows the pay ratio over time based on methodology C in line with the Companies (Miscellaneous Reporting) Regulations 2018. This uses Gender Pay Gap data as its basis, and includes other important components of pay at SSE, such as overtime and employer's contribution to pension. It excludes salary sacrifice arrangements. The 2024/25 pay ratio will be recalculated next year in line with the restating of the Chief Executive's total single figure of remuneration – based on the actual value of the PSP award on vesting.

Year	Calculation methodology	Ratio to employee pay at 25th percentile	Ratio to employee pay at median	Ratio to employee pay at 75th percentile
2024/25	C	97:1	69:1	52:1
2023/24	C	95:1	65:1	49:1
2022/23	C	136:1	100:1	73:1
2021/22	C	141:1	106:1	76:1
2020/21	C	95:1	73:1	52:1
2019/20	C	83:1	59:1	44:1
2018/19	C	57:1	42:1	30:1

This table sets out base salary and total pay and benefits for the Chief Executive and UK employees at the 25th, 50th and 75th percentile. The total pay figures have been used to determine the pay ratios in the previous table.

	Chief Executive		UK employees					
			25th percentile		Median		75th percentile	
£000s	Base salary	Total pay	Base salary	Total pay	Base salary	Total pay	Base salary	Total pay
2024/25	1,044	3,892	33	40	45	57	60	75
2023/24	999	3,562	31	38	42	54	57	73
2022/23	952	4,776	29	35	37	48	51	65
2021/22	924	4,655	28	33	36	44	49	61
2020/21	915	3,045	28	32	35	42	48	59
2019/20	890	2,418	–	29	–	41	–	55
2018/19	866	1,639	–	29	–	39	–	54

As a large proportion of the Chief Executive's pay is based on performance and the flow through to variable pay, the pay ratio can vary significantly from year to year. The Chief Executive's total pay has increased by 9% on account of an increase in base salary, an increase to the reportable value of the defined benefit pension, and an increase in annual incentive outturn. Employee pay typically has a high proportion of fixed pay with less reliance on variable pay. Total employee pay at median increased by 4% leading to a small change in the ratio from 65:1 to 69:1.

For more on employee pay, including the Gender Pay Gap, see page 55 and the Inclusion and Diversity Report.

Change in remuneration of Directors and employees

The table below shows the percentage change in the annual remuneration of Directors and UK employees over the past five years, as required by the reporting regulations. These changes reflect the information provided in the single total figure of remuneration table on page 140 and the non-Executive Directors' fees table on page 149.

	2020/21 v 2019/20			2021/22 v 2020/21			2022/23 v 2021/22			2023/24 v 2022/23			2024/25 v 2023/24		
Director	Base salary/fee	Benefits	Bonus	Base salary/fee	Benefits	Bonus	Base salary/fee	Benefits	Bonus	Base salary/fee	Benefits	Bonus	Base salary/fee	Benefits	Bonus
Non-Executive Directors															
Lady Elish Angiolini	–	–	–	–	–	–	–	–	–	28%	–	–	7%	–	–
John Bason	–	–	–	–	–	–	–	–	–	48%	–	–	16%	–	–
Tony Cocker	13%	–	–	11%	–	–	3%	–	–	-1%	–	–	-5%	–	–
Debbie Crosbie	–	–	–	–	–	–	–	–	–	5%	–	–	4%	–	–
Helen Mahy	2%	–	–	1%	–	–	3%	–	–	16%	–	–	22%	–	–
Sir John Manzoni	–	–	–	–	–	–	3%	–	–	5%	–	–	4%	–	–
Melanie Smith	3%	–	–	1%	–	–	3%	–	–	32%	–	–	9%	–	–
Dame Angela Strank	–	–	–	–	–	–	3%	–	–	5%	–	–	4%	–	–
Executive Directors															
Alistair Phillips-Davies	3%	0	20%	1%	4%	21%	3%	3%	9%	5%	-27%	-18%	4%	-45%	23%
Martin Pibworth	11%	6%	30%	11%	0%	32%	3%	1%	11%	5%	5%	-18%	9%	-1%	28%
All employees	6%	8%	10%	6%	3%	51%	22%	16%	6%	25%	11%	36%	19%	13%	-11%

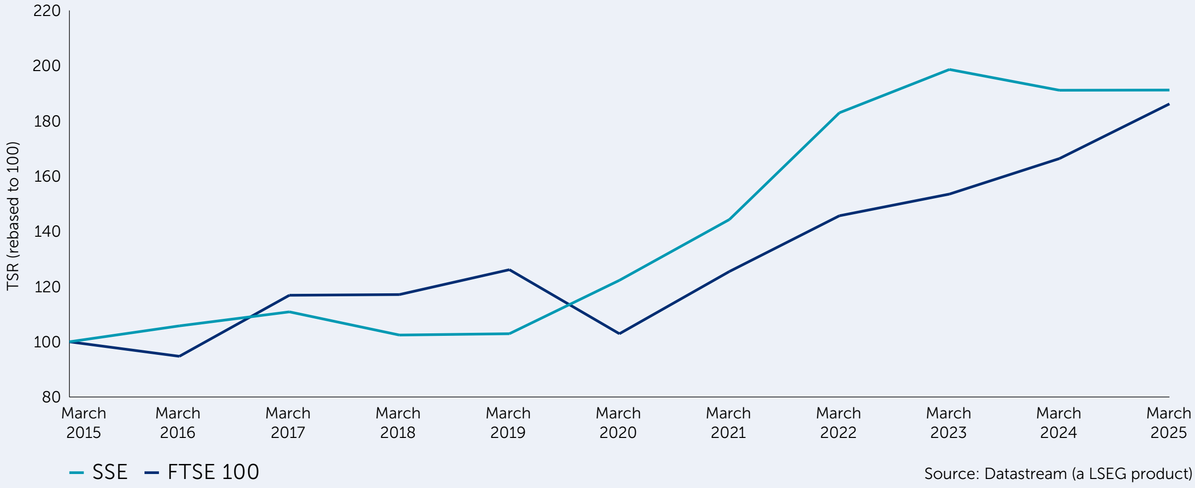
Relative importance of the spend on pay

This table shows how the earnings of Executive Directors compare with SSE's other financial dispersals. For every £1 spent on Executive Directors' earnings by SSE in 2024/25, £75 was paid in tax, £131 was spent on employee costs and £372 was spent on capital and investment expenditure. In addition, £85 was made in dividend payments to shareholders.

	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	**2024/25 £m**
Executive Directors' earnings	5.3	3.6	5.1	6.8	10.4	10.4	8.2	**7.9**
Dividends to shareholders	926.1	973.0	948.5	836.4	862.3	955.8	956.4	**671.0**
Adjusted investment, capital and acquisition expenditure	1,503.0	1,422.9	1,371.9	912.0	2,067.8	2,803.3	2,476.7	**2,936.1**
Total UK taxes paid (profits, property, environment and employment taxes)	484.1	403.7	421.6	379.0	335.3	501.7	679.2	**592.1**
Staff costs	665.6	653.5	684.7	700.4	688.7	771.8	938.4	**1,035.0**

Total Shareholder Return (TSR)

This graph shows SSE TSR performance over the past ten years relative to FTSE 100 performance. The FTSE 100 index has been chosen because SSE has been a constituent member throughout the period.



Source: Datastream (a LSEG product)

Here is the Chief Executive's annual remuneration over the same period.

Year	Single total figure of remuneration (£'000)	Annual variable element award (% of maximum)	Long-term incentive vesting (% of maximum)	Application of discretion
2024/25	3,892	81	59	
2023/24	3,562	69	62	
2022/23	4,776	88	76	Downward discretion applied to AIP
2021/22	4,655	83	66	
2020/21	3,045	69	28	Downward discretion applied to AIP
2019/20	2,418	59	27	
2018/19	1,639	0	26	Downward discretion applied to AIP
2017/18	2,693	78	30	
2016/17	2,917	72	46	Downward discretion applied to AIP
2015/16	1,696	54	0	

Governance

External appointments

Executive Directors are able to accept non-Executive appointments outside of SSE with the consent of the Board, as this can enhance their experience and value to SSE. Any fees received are kept by the Director.

The Chief Executive is a non-Executive Director of Anglian Water Services Limited, for which he receives an annual fee of £62,000. None of the other Executive Directors hold any paid external appointments.

Payments for loss of office and payments to past Directors

There were no payments for loss of office during the year.

The former Finance Director, Gregor Alexander, will receive a pro-rated award in respect of the PSP award granted in 2022, in line with his 'good leaver' status (as reported in the 2024 Annual Report). The award has been calculated using the same performance conditions as current Executive Directors described on page 144, and is £655,829.

Advice to the Remuneration Committee

The Chief Executive, Director of HR, and Director of Reward and Pensions advised the Committee on certain remuneration matters for the Executive Directors and senior executives, although they were not present for any discussions related to their own remuneration.

The Director of HR and Director of Reward and Pensions advised on HR strategy and the application of HR policies across the wider organisation.

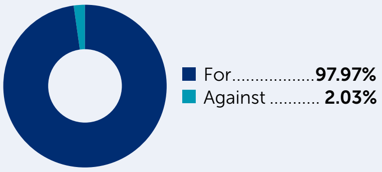
FIT Remuneration Consultants LLP (FIT) provided a range of information to the Committee, including market data drawn from published surveys, governance developments and their application to SSE, advice on remuneration disclosures and regulations, and comparator group pay. FIT received £113,701 in relation to their work for the Committee, calculated on a time and materials basis. FIT are founding members of, and adhere to, the Remuneration Consultants' Group Code of Conduct. This defines the roles of consultants, including the requirement to have due regard to the organisation's strategy, financial situation, pay philosophy, the Board's statutory duties, and the views of investors and other stakeholders. The Committee reviews performance annually to determine it is satisfied with the quality, relevance, objectivity and independence of the advice. FIT provides no other services and has no other connection to SSE or individual Directors.

Freshfields LLP also advised on legal matters, such as share plan rules, during the year.

Shareholder voting

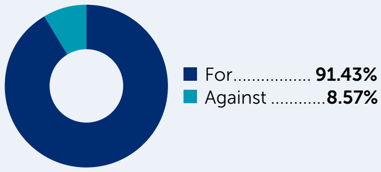
On 18 July 2024, shareholders approved the Annual Remuneration Report for the year ended 31 March 2024. On 21 July 2022, shareholders approved the current Directors' Remuneration Policy.

Annual Report on Remuneration – shareholder voting in 2024



Total votes cast: 784,672,015
Votes withheld: 343,964

Directors' Remuneration Policy – shareholder voting in 2022



Total votes cast: 678,277,304
Votes withheld: 7,750,651

Employee engagement

The Board actively seeks opportunities for two-way dialogue with SSE's employees. Engagement activity is diverse and includes face-to-face meetings, site visits, attendance at employee events and virtual meetings. During the year, the Remuneration Committee Chair met with a group of employee representatives to discuss the pay arrangements for SSE's executives and how they align to the wider employee population. For more on 'Hearing and responding to employees' see page 99.

Remuneration Committee

The Terms of Reference for the Committee were reviewed during 2024/25 and no changes were made – these are available on sse.com. A summary of the Committee's role is on the first page of the Directors' Remuneration Report.

The members of the Committee and the meetings attended are on page 93. The focus of each of the meetings was as follows:

May 2024	Confirmed AIP and PSP performance outcomes Set AIP and PSP performance measures for the year ahead Reviewed below-Board pay arrangements
November 2024	Received a market and governance update following AGM season Reviewed how AIP and PSP measures were tracking against performance Discussed the Directors' Remuneration Policy review Reviewed Committee Terms of Reference
March 2025	Reviewed how AIP and PSP measures were tracking against performance Agreed salary and fee increases for Executive Directors and the Chair Reviewed Committee evaluation outcomes Received an update on the outcome of the shareholder consultation process on the Directors' Remuneration Policy

Compliance with the UK Corporate Governance Code 2018

The Board assesses its approach to corporate governance on an ongoing basis against the FRC's UK Corporate Governance Code 2018 (the Code). A copy of the Code can be found at www.frc.org.uk. The Board welcomes the 2024 evolution of the Code and work is underway to ensure that SSE's governance arrangements continue to evolve in line with best practice.

The spirit of the Code and application of its Principles are upheld through the work of the Board and its Committees. The Board confirms compliance against all Code Provisions for the year ended 31 March 2025. This statement gives details of this compliance and where supporting disclosures can be found elsewhere in the Annual Report.

1. Board leadership and company purpose

A. Board's role

The Board is responsible for leading SSE and promoting its long-term success, while also generating value for shareholders and wider stakeholders. The Board actively monitors internal and external developments, provides effective oversight and challenge, and makes informed decisions. This is enabled by the Board's composition, SSE's Governance Framework, the Board's annual workplan, and the Group-wide strategic stakeholder engagement programme.

See also:

- SSE's Governance Framework on page 92
- Board composition on pages 87 to 90
- Board work in 2024/25 on pages 94 to 101
- SSE's stakeholders on pages 102 to 104

B. Purpose, culture and strategy

The Board actively considers SSE's purpose, vision and strategy to ensure a continued focus on developing clean energy infrastructure, energy security and affordability for consumers in the transition to net zero. Each year, the Board reviews and agrees SSE's strategy and monitors its delivery through a continuous programme of work, supported by a fully funded capex plan to 2027. SSE's business model shows how the Group's deliberate mix of businesses creates lasting value within its complex operating environment.

The Board sets SSE's culture and values to create a strong foundation supporting its purpose, vision, and strategy. At SSE, a healthy culture is defined as 'Doing the right thing'. The Board leads by example, ensuring the correct tone is instilled throughout the Group by promoting a fair workplace and ethical business practices. Regular updates on culture help the Board make sure SSE continues to embed a healthy culture, with employee engagement activities framing the Board's assessment of culture.

See also:

- SSE's purpose, vision, strategy, values and business model on pages 2 to 7
- Board work on strategy on pages 94 to 96
- Board focus on culture on pages 98

C. Resources and controls

A set of targets and 2030 business goals support the delivery of SSE's strategy and the NZAP Plus. The Board monitors progress against these to make sure agreed objectives are met. The Board sets key parameters, including SSE's financial and investment strategy (such as annual operating and capital expenditure budgets) and the delegated authorities set out in SSE's Governance Framework. These delegations support day-to-day operations and the implementation of strategy – and are overseen by the Group Executive Committee.

The Board has a Schedule of Reserved Matters and a wider Board Charter which governs its own operations and relevant Group-wide matters. The Schedule of Reserved Matters ensures that areas material to the delivery of SSE's purpose, vision and strategy are safeguarded by the Board. This can be read on sse.com, along with other key SSE corporate governance documents.

The Board oversees delegated matters through verbal updates at Board meetings and sub-Committee minutes, standing reports such as the Chief Executive's Report and Finance Report, and written reports and dashboards covering a range of financial and non-financial key performance indicators.

The Board sets the approach to risk management and oversees the effectiveness of SSE's system of internal control with support from the Audit Committee.

D. Stakeholder engagement

The Board agrees a framework of stakeholder engagement which confirms: SSE's key stakeholder groups, the purpose of meaningful stakeholder relations, and how stakeholder views should be considered at Business Unit and Group level.

Given the societal impact and scale of SSE's business operations, stakeholder engagement is necessary to make sure decisions reflect an appropriate awareness of stakeholder views and needs. SSE engages in a range of ways through its executive and business-led stakeholder network. The Board regularly engages directly with stakeholders and receives reports on below-Board activity. This means emerging stakeholder considerations can be promptly identified so that senior leaders and Business Units can take stakeholder opinions into account when making decisions and setting longer-term objectives.

See also:

- SSE's stakeholders on pages 8 to 9
- Stakeholders and Section 172 Statement on pages 102 to 104

E. Workplace policies

SSE's processes and procedures help to embed a strong and consistent culture across the Group. The Board approves key pillars such as SSE's values, SSE's Group policies, and the employee guide called 'Doing the right thing; SSE's guide to good business ethics'. The policies and guide convert SSE's values into actionable behaviours and are reinforced by mandatory training for all employees.

The Board recognises the importance of making sure that everyone in SSE feels empowered to speak up in relation to wrongdoing. It reviews a report every six months to assess the ongoing effectiveness of SSE's whistleblowing arrangements. The report covers performance, case trends and employee confidence in speak-up mechanisms and protections.

2. Division of responsibilities

F. Chair

The Chair is responsible for leading the Board and nurturing a culture of informed and transparent decision making. Clearly defined Board roles support this, and the Chair encourages constructive dialogue both during and outside of meetings. Private sessions are scheduled at each Board meeting to allow non-Executive Directors to speak directly with the Chair without Executive Directors present.

Sir John Manzoni, the current Chair, was considered independent on appointment. His performance in the role is assessed each year during the Board performance review.

For more, see Assessing Board performance on pages 105 to 106.

G. Board composition, independence and division of responsibilities

The Board is composed of the Chair, nine independent non-Executive Directors and three Executive Directors. Excluding the Chair, the nine non-Executive Directors (over half of the Directors) are considered independent. The Board's Charter outlines the clear division of responsibilities between the Chair and Chief Executive. It also sets out the responsibilities of the non-Executive Directors, including the roles of the Senior Independent Director and Non-Executive Director for Employee Engagement. The division of responsibilities across the Board can be seen on sse.com.

Each Director must disclose any actual or potential conflict of interest situations, as defined by law, for consideration and approval by the Board if appropriate. This is supported by an authorisation process each year, overseen by the Nomination Committee, to inform the ongoing assessment of each non-Executive Director's independence.

See also:

- Board composition on pages 87 to 90
- Board independence and conflicts on page 111

H. Non-Executive Directors' role and time commitment

The expected time commitment of the Chair and non-Executive Directors is included in every Letter of Appointment. The Letter of Appointment is issued after confirming each person's capacity to join the Board and involves assessing existing external commitments.

The Nomination Committee monitors the time commitments of Board members, and the annual Board performance review considers the performance and time commitment of each Director. Any changes, such as additional external appointments, require Board approval.

To make sure non-Executive Directors have the appropriate level of oversight and ability to challenge and review, the Board has unrestricted access to senior leadership, their teams and specialist functions. People from different levels across the organisation are invited to present at Board meetings and deep dive sessions throughout the year.

See also:

- Board external commitments on pages 87 to 90
- Assessing Board performance on pages 105 to 106
- Time commitment on page 110

I. Company Secretary

The Group General Counsel and Company Secretary makes sure Board procedures are followed and helps the Chair, in consultation with the Chief Executive, develop meeting agendas in line with the agreed annual workplan. This workplan accounts for the status of projects, strategic workstreams and the overarching operating context. Meeting materials are shared using an electronic portal, allowing the timely and streamlined navigation of materials. The Company Secretary ensures that each agenda item is given enough time in meetings for effective and constructive discussions. Guidance on drafting papers and presenting to the Board is available to everyone who writes and presents Board materials.

The Board and any Director can ask for more information to support their individual duties or collective role as a Board. These requests can come from Board discussions, be raised as a development opportunity or be an area of general interest relating to SSE. Depending on the request, SSE may support the learning internally or externally.

For more, see Deep dives on page 96.

3. Composition, succession and evaluation

J. Appointments and succession planning

The Nomination Committee considers Board and Executive appointments and oversees SSE's succession planning to inform the composition of the Board. The Nomination Committee reviews the size, structure and composition of the Board and its Committees (including skills, knowledge, experience and diversity) and makes recommendations to the Board that promote the long-term success of SSE.

This Committee also reviews the talent pipeline and succession planning for senior executives. Guided by the Board's Policy, it considers the skills and attributes needed to create a diverse pipeline for Board and senior leadership roles, initiatives to develop internal capabilities, and the external market. The Board engages in core talent programmes and Directors meet with potential future leaders through both structured and informal activities.

The Board's Inclusion and Diversity Policy ensures recruitment is inclusive and promotes diversity and equal opportunity. Appointments to the Board follow a process, starting with a role specification and engaging external support if needed. The outcomes of Board succession planning and recruitment work are reported in the Annual Report each year.

For more on the Nomination Committee's work, see pages 107 to 112.

K. Skills, experience and knowledge

The Nomination Committee identifies the skills, knowledge and experience needed for effective leadership and the long-term success of SSE. It considers the balance of competencies through succession planning, knowledge development and recruitment. This work is supported by the Board's skills matrix and composition metrics to identify where a potential gap exists or where more work is needed in relation to the Board.

All non-Executive Directors serve a fixed term of three years and must be re-elected yearly by shareholders. In line with best practice, this fixed term can be renewed for up to nine years, unless the Board decides otherwise in exceptional circumstances. With the exception of Alistair Phillips-Davies and Helen Mahy, all Directors will seek to be re-elected at the 2025 Annual General Meeting, including Hixonia Nyasulu, who joined the Board on 1 January 2025.

See also:

- Board composition on pages 87 to 90
- Nomination Committee considerations on pages 107 to 112

L. Board performance

Each year, the Board reviews its own performance by reflecting on the effectiveness of its activities, the strength of its decisions, and the individual and collective contributions made by each Board member. This yearly assessment allows the Board to scrutinise its own performance and constructively discuss areas identified where there was an opportunity to change, refine or improve. The Board performance review is facilitated externally at least every three years and was done by Heidrick & Struggles this year.

For more on assessing Board performance, see pages 105 to 106.

Compliance with the UK Corporate Governance Code 2018 continued

4. Audit, risk and internal control

M. Internal and external audit

The Audit Committee oversees the Internal Audit function and reviews its independence and overall effectiveness throughout the year. Internal Audit plays a crucial role in helping SSE achieve its objectives by providing independent and objective assurance on the effectiveness of the Group's risk management activities, internal controls and Corporate Governance Framework. The Audit Committee makes sure the Group's Internal Audit Plan is aligned to SSE's operating model, risk profile, control environment and assurance arrangements, and receives regular updates throughout the year.

The Audit Committee also oversees the relationship with EY, SSE's external auditor, to ensure independence, quality and challenge during the external audit process. And the Committee reviews the significant financial judgements to monitor the overall integrity of the financial and narrative statements.

For more on the Audit Committee's work, see pages 113 to 119.

N. Fair, balanced and understandable assessment

On the recommendation of the Audit Committee, the Board reviews the Annual Report and Accounts to make sure that, taken as a whole, it is fair, balanced and understandable – and allows shareholders to assess the Group's overall performance, business model and strategy. This assessment is supported by an assurance framework which the Board and Audit Committee consider each year.

For more on the fair, balanced and understandable assessment, see page 114.

O. Risk management

SSE's risk management framework is designed to manage, rather than eliminate, the risk of failing to achieve business objectives. As part of SSE's system of internal control, the framework can provide reasonable but not absolute assurance against material misstatement or loss.

Each year the Board conducts a robust assessment of the Principal Risks facing the Group which have the potential to threaten its business model, future performance, solvency or liquidity. Emerging risks are continuously considered in response to the operating environment and potential impacts on SSE.

For more, see the Group Principal Risks on pages 64 to 69.

5. Remuneration

P. Remuneration policies and practices

The Remuneration Committee oversees SSE's policy for executive remuneration and its ongoing appropriateness and relevance. It is the Remuneration Committee's responsibility to make sure remuneration stays in line with SSE's purpose and strategy, while encouraging long-term stewardship and rewarding individual contributions towards the success of SSE.

SSE's Directors' Remuneration Policy was approved with over 91% of shareholders' support at the AGM on 21 July 2022. As the policy applies for up to three years, shareholders will be asked to approve the policy, including proposed changes, again at the 2025 AGM. A copy of the proposed policy is on pages 131 to 138. This includes details of how the policy addresses factors set out in the Code such as clarity, simplicity, risk, predictability, proportionality and alignment to culture.

For more on the work of the Remuneration Committee, see pages 126 to 153.

Q. Developing executive remuneration policy

The Directors' Remuneration Policy is structured to ensure that SSE can attract world-class talent, especially as it is increasingly exposed to new markets and technologies. Stakeholder views, including from shareholders through dialogue with investors and from employees through Board engagement activities, are considered when setting pay policy and practice.

R. Remuneration outcomes and independent judgement

The Remuneration Committee sets stretching targets that reward outstanding performance and has used its discretion in recent years to reduce formulaic outcomes where considered necessary.

The Chief Executive, Director of HR and Head of Reward advise the Committee on remuneration for Executive Directors and senior executives on an ongoing basis. To maintain independence, no Director or senior executive join any discussions related to their own remuneration. External remuneration advisors also support the Committee and adhere to the Remuneration Consultants' Group Code of Conduct.

Other statutory information

The Directors submit their Annual Report and Accounts for SSE plc, together with the consolidated Financial Statements of the SSE Group of companies, for the year ended 31 March 2025.

The Strategic Report is on pages 1 to 83 and the Governance Report, which is SSE's Directors' Report, is on pages 84 to 160. The Strategic Report and Governance Report make up the management report as required under Rule 4.1.8R of the Disclosure Guidance and Transparency Rules.

As permitted by section 414C (11) of Companies Act 2006, the below matters have been disclosed in the Strategic Report:

	Page reference
An indication of likely future developments in the business of the Company	pages 1 to 83
Particulars of important events affecting the Company since the financial year end	page 159
Greenhouse gas emissions	page 79
Energy consumption	page 59
Energy efficiency action	page 59
Employee engagement and involvement	pages 99 to 100 and 103
Engagement with suppliers, customers and others in a business relationship with the Company	pages 49 to 57 and 103 to 104
A summary of the Principal Risks facing the Company	pages 60 to 69

Information required to be disclosed is contained on the pages listed below.

	Page reference
Statement of interest capitalised by the Group during the financial year	page 193
Details of any long-term incentive schemes	pages 133 to 139

Results and dividends

The Group's results and performance highlights for the year are on pages 14 to 15 and 17 to 27. An interim dividend of 21.2 pence per Ordinary Share was paid on 27 February 2025. The Directors propose a final dividend of 43.0 pence per Ordinary Share. Subject to approval at the AGM 2025, the final dividend will be paid on 18 September 2025 to shareholders on the Register of Members at close of business on 25 July 2025.

Board of Directors

Director appointment and retirement

The Company Directors who served during the financial year ending 31 March 2025 are included in the attendance table on page 93. The biographies of the Directors on 20 May 2025 are on pages 87 to 90. Details of Board changes are on pages 108 and 110.

The Company's Articles of Association, the UK Corporate Governance Code, the Companies Act 2006 and other related legislation outline the rules governing the appointment and retirement of Directors.

Indemnification of Directors and insurance

The Directors have the benefit of an indemnity provision contained in the Company's Articles of Association. They have also been granted a qualifying third party indemnity provision, which was in force throughout the year and still is now. During the financial year, the Company bought and maintained Directors' and Officers' liability insurance for itself and for its Directors and Officers.

Political donations and expenditure

SSE operates on a politically neutral basis and does not make any donations to political parties, political organisations, or independent election candidates. During the year, there was no political expenditure and the Group made no political donations.

Accounting policies, financial instruments, and risk

Details of the Group's accounting policies, financial instruments and risk are outlined in note 24 to the Financial Statements and notes A6 to A8 of the Accompanying Information.

Research and development

SSE's involvement in innovative projects and programmes designed to transform the energy system is described in the Strategic Report on pages 1 to 83.

Employing disabled people

SSE has a range of employment policies in place which clearly explain the standards, processes, expectations and responsibilities of its people and the organisation. These policies are designed to ensure that every person, including those with existing or new disabilities and from any background, is treated fairly and inclusively during recruitment and their career at SSE. This includes providing access to appropriate training, development opportunities and job progression. For more on our approach see pages 53 to 56.

Shares

Share capital

The Company has a single share class which is divided into Ordinary Shares of 50 pence each. The issued share capital as of 31 March 2025, together with details of any changes during the year, is set out in note 22 to the Financial Statements. As of 31 March 2025, the issued share capital consisted of 1,111,159,424 Ordinary Shares. This figure includes 4,857,828 Ordinary Shares held in treasury (representing 0.44% of the issued share capital). The voting and dividend rights of Treasury Shares are automatically suspended.

The Company was authorised at the 2024 AGM to allot shares or grant rights over shares up to an aggregate nominal amount equal to £182,242,225 (representing 364,484,450 Ordinary Shares of 50 pence each excluding Treasury Shares). This represents one-third of its issued share capital. A renewal of this authority will be proposed at the 2025 AGM.

Other statutory information continued

Variation of rights

Subject to the applicable statutory provisions, if at any time the capital of the Company is divided into different classes of shares, the rights attached to any class of shares may be varied or abrogated. This can be done with the written consent of holders of three-quarters in nominal value of the issued shares of that class (excluding any shares held as Treasury Shares), or by way of a special resolution passed at a separate general meeting of the holders of that class.

Transfer of Ordinary Shares

There are no restrictions on the transfer of Ordinary Shares in the Company other than certain restrictions which may from time to time be imposed by law. The Company is not aware of any agreements between shareholders that could result in restrictions on the transfer of securities or voting rights.

Substantial shareholdings

At 31 March 2025, the following percentage interests in the Ordinary Share capital of SSE plc had been notified under Rule 5 of the Disclosure Guidance and Transparency Rules (DTR 5). The Company is not aware of any changes in the interests disclosed under DTR 5 between 31 March 2025 and 20 May 2025.

Shareholder	Date of receiving notification	Voting rights attached to shares*	Voting rights attached to shares as %, rounded to 2 decimal places	Voting rights through financial instruments*	Voting rights through financial instruments as %, rounded to 2 decimal places	Total of both in %, rounded to 2 decimal places	Nature of holding
BlackRock, Inc.	7 January 2025	88,390,921	8.01%	3,988,800	0.34%	8.35%	Indirect, ADR, Securities Lending, CFD
The Capital Group Companies, Inc.	17 September 2020	50,981,817	4.90%	–	–	4.90%	Indirect, ADR
Invesco Limited	7 May 2014	45,775,918	4.69%	–	–	4.69%	Indirect
Caisse de dépôt et placement du Québec	7 January 2021	41,492,159	3.98%	–	–	3.98%	Direct
Barclays Bank Plc	1 August 2022	35,834,843	3.35%	19,978,657	1.87%	5.22%	Indirect, ADR, Options, Right to Recall (loan and collateral), Portfolio Swap
Norges Bank	16 December 2024	33,135,477	3.00%	10,013	0.00%	3.00%	Direct, Shares on loan (right to recall)
Bank of America Corporation	1 August 2023	4,713,063	0.43%	85,944	0.01%	0.44%	Indirect, Swaps
The Goldman Sachs Group, Inc.	23 December 2024	2,093,596	0.19%	126,764	0.01%	0.20%	Indirect, Securities Lending, Swap, Call Warrant

* At date of disclosure by relevant entity.

Authority to purchase shares

At the 2024 AGM, the Company obtained shareholder approval to buy up to 109,345,335 of its own Ordinary Shares (representing 10% of its issued share capital) up until the end of the AGM 2025 or, if earlier, the close of business on 30 September 2025.

On 30 September 2024, the Company announced the commencement of a programme to repurchase its Ordinary Shares up to a maximum value of £75 million (the "Buyback Programme"). The Buyback Programme was undertaken solely to cap scrip dividend take-up at 25% in respect of the financial year ended 31 March 2024, in line with the Company's long-standing dividend plan to 2026/27. Between 30 September 2024 and 16 October 2024, 3,806,487 Ordinary Shares were repurchased on the London Stock Exchange as detailed in the table below. The Ordinary Shares purchased are held in treasury. All Ordinary Shares acquired under the Buyback Programme were purchased within certain pre-set parameters, and in accordance with the authority granted by shareholders at SSE's 2024 AGM, Chapter 9 of UK Listing Rules, and the Market Abuse Regulation (596/2014) as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 and as amended (including by the Market Abuse (Amendment) (EU Exit) Regulations 2019) (MAR). Further information on the Buyback Programme can be found on sse.com.

Share repurchase programme	Number of shares repurchased	Nominal value of shares purchased	Aggregate amount paid	Percentage of called-up share capital as at 20 May 2025 represented by shares repurchased
Scrip take-up	3,806,487	£1,903,243.50	£71,273,666.88	0.34

During the financial year ended 31 March 2025, the Company used 1,742,582 of the Treasury Shares acquired under the Buyback Programme and prior share repurchase programmes to satisfy the requirements of the UK all-employee Sharesave Scheme.

At the 2025 AGM, the Directors will seek renewed authority to purchase the Company's own shares in the market.

Voting

Each Ordinary Share of the Company carries one vote at general meetings of the Company. Any Ordinary Shares held in treasury have no voting rights.

A shareholder entitled to attend, speak and vote at a general meeting can exercise their right to vote by attending (either in person or virtually where electronic facilitates are provided), or by validly appointing a proxy or corporate representative in the case of corporate members. To be valid, notification of the appointment of a proxy must be received at least 48 hours before the general meeting at which the person named in the proxy notice proposes to vote. The Directors have the discretion to exclude non-working days when calculating the 48-hour period.

Employees who participate in the Share Incentive Plan, whose shares remain in the schemes' trust, may direct the trustees to vote on their behalf by completing a Form of Direction. SSE also has a Share Plan Account service with Computershare which may be used by employees to hold shares arising from the exercise of matured options under SSE's Sharesave Scheme. Computershare provide a facility for participants to vote on their shares with voting deadlines communicated in advance of each General Meeting.

Annual General Meeting (AGM)

The AGM of the Company will be held on Thursday 17 July 2025 at 12.30pm at the Perth Concert Hall, Mill Street, Perth PH1 5HZ and virtually, via a secure online platform. Shareholders joining online will be able to watch the meeting, ask questions and vote in real time. Details of the arrangements for the AGM, resolutions to be proposed, and how to vote and ask questions are set out in the Notice of Annual General Meeting 2025 which accompanies this report for shareholders receiving hard copy documents. This is also available at sse.com for those receiving documents electronically.

Articles of Association changes

The Company's Articles of Association were adopted at the 2021 AGM. Amendments to the Articles of Association can only be made by a special resolution at a general meeting of the Company.

Change of control

The Company is party to several agreements that take effect, alter or terminate upon a change of control of the Company following a takeover. At 31 March 2025, change of control provisions were included in agreements for committed credit facilities, EIB debt, US private placements, senior bonds and hybrid instruments. The Company is not aware of any other agreements with change of control provisions that could significantly affect the business.

Disclosure of information to the auditor

Each Director who held office at the date of approval of this Directors' Report confirms that, as far as they are aware, there is no relevant audit information of which the Company's Auditors are unaware. Each Director has taken all necessary steps required in their duty as a Director to become aware of any relevant audit information and to make sure the Company's Auditors are aware of such information.

Related party transactions

Related party transactions are set out in note A5 of the Accompanying Information.

Post-balance sheet events

There are no post-balance sheet events to report.

The Directors' Report set out on pages 84 to 160 has been approved by the Board of Directors in accordance with the Companies Act 2006.

By order of the Board

Liz Tanner
Group General Counsel and Company Secretary, SSE plc

20 May 2025

Statement of Directors' responsibilities in respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards ("IFRS"), and have elected to prepare the parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 101, "Reduced Disclosure Framework".

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of their profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable, relevant and reliable;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs (and in respect of the parent Company financial statements, FRS 101) is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and parent Company financial position and financial performance;
- in respect of the Group financial statements, state whether UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- in respect of the parent Company financial statements, state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent Company's ability to continue as a Going Concern, disclosing, as applicable, matters related to Going Concern; and
- use the Going Concern basis of accounting unless they either intend to liquidate the Group or the parent Company, or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

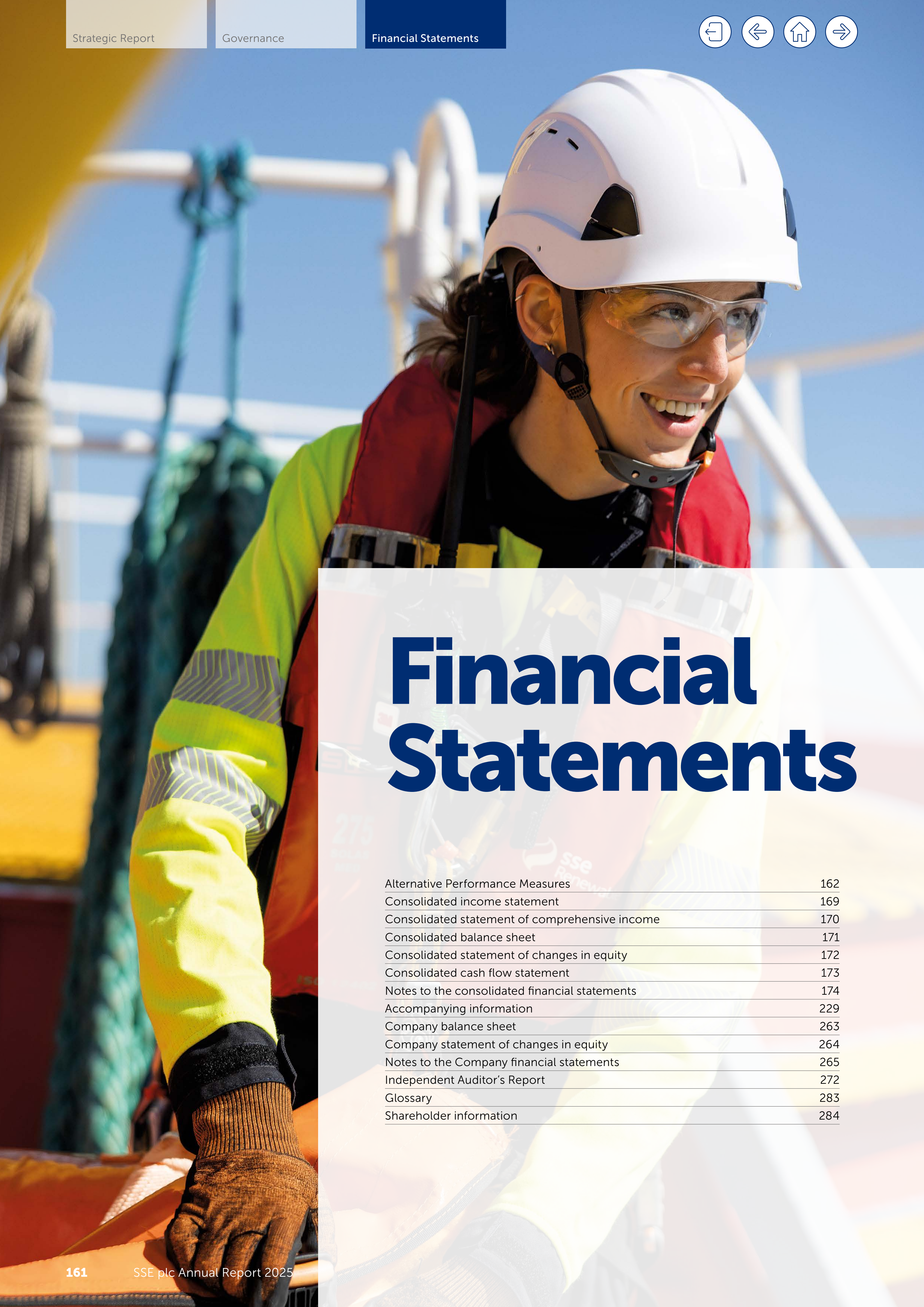
- the financial statements, prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Annual Report, including the Strategic Report, includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Alistair Phillips-Davies
Chief Executive

Barry O'Regan
Chief Financial Officer

20 May 2025



Financial Statements

Alternative Performance Measures

When assessing, discussing and measuring the Group's financial performance, management refer to measures used for internal performance management. These measures are not defined or specified under International Financial Reporting Standards ("IFRS") and as such are considered to be Alternative Performance Measures ("APMs").

By their nature, APMs are not uniformly applied by all preparers including other participants in the Group's industry. Accordingly, APMs used by the Group may not be comparable to other companies within the Group's industry.

Purpose

APMs are used by management to aid comparison and assess historical performance against internal performance benchmarks and across reporting periods. These measures provide an ongoing and consistent basis to assess performance by excluding items that are materially non-recurring, uncontrollable or exceptional. These measures can be classified in terms of their key financial characteristics:

- **Profit measures** allow management to assess and benchmark underlying business performance during the year. They are primarily used by operational management to measure operating profit contribution and are also used by the Board to assess performance against business plan. The Group has six profit measures, of which adjusted operating profit and adjusted profit before tax are the main focus of management through the financial year and adjusted earnings per share is the main focus of management on an annual basis. In order to derive adjusted earnings per share, the Group has defined adjusted operating profit, adjusted net finance costs, and adjusted current tax charge as components of the adjusted earnings per share calculation. Adjusted EBITDA is used by management as a proxy for cash derived from ordinary operations of the Group.
- **Capital measures** allow management to track and assess the progress of the Group's significant ongoing investment in capital assets and projects against their investment cases, including the expected timing of their operational deployment and also to provide a measure of progress against the Group's strategic Net Zero Acceleration Programme Plus objectives ("NZAP Plus").
- **Debt measures** allow management to record and monitor both operating cash generation and the Group's ongoing financing and liquidity position.

During the year the Group simplified its adjusted profit metrics by removing the adjustment for interest on net pension assets/liabilities valued under IAS 19 "Employee Benefits" as explained in note 1.2 to the financial statements. There have been no other changes to the Group's APMs in the current year.

The following section explains the key APMs applied by the Group and referred to in these statements:

Profit measures

Group APM	Purpose	Closest equivalent IFRS measure	Adjustments to reconcile to primary financial statements
Adjusted EBITDA (earnings before interest, tax, depreciation and amortisation)	**Profit measure**	**Operating profit**	– Movement on operating and joint venture operating derivatives ("certain re-measurements") – Exceptional items – Adjustments to Gas Production decommissioning provision – Share of joint ventures and associates' interest and tax – Depreciation and amortisation before exceptional charges (including depreciation expense on fair value uplifts) – Share of joint ventures and associates' depreciation and amortisation – Non-controlling share of operating profit – Non-controlling share of depreciation and amortisation – Release of deferred income
Adjusted Operating Profit	**Profit measure**	**Operating profit**	– Movement on operating and joint venture operating derivatives ("certain re-measurements") – Exceptional items – Adjustments to Gas Production decommissioning provision – Depreciation expense on fair value uplifts – Share of joint ventures and associates' interest and tax – Non-controlling share of operating profit
Adjusted Profit Before Tax	**Profit measure**	**Profit before tax**	– Movement on operating and financing derivatives ("certain re-measurements") – Exceptional items – Adjustments to Gas Production decommissioning provision – Non-controlling share of profit before tax – Depreciation expense on fair value uplifts – Share of joint ventures and associates' tax
Adjusted Net Finance Costs	**Profit measure**	**Net finance costs**	– Exceptional items – Movement on financing derivatives – Share of joint ventures and associates' interest – Non-controlling share of financing costs

Group APM	Purpose	Closest equivalent IFRS measure	Adjustments to reconcile to primary financial statements
Adjusted Current Tax Charge	**Profit measure**	**Tax charge**	– Share of joint ventures and associates' tax – Non-controlling share of current tax – Deferred tax including share of joint ventures, associates and non-controlling interests – Tax on exceptional items and certain re-measurements
Adjusted Earnings Per Share	**Profit measure**	**Earnings per share**	– Exceptional items – Adjustments to Gas Production decommissioning provision – Movements on operating and financing derivatives ("certain re-measurements") – Depreciation expense on fair value uplifts – Deferred tax including share of joint ventures, associates and non-controlling interests

Rationale for adjustments to profit measures

1 Movement on operating and financing derivatives ("certain re-measurements")

This adjustment can be designated between operating and financing derivatives.

Operating derivatives are contracts where the Group's SSE Energy Markets function enters into forward commitments or options to buy or sell electricity, gas and other commodities to meet the future demand requirements of the Group's SSE Business Energy and SSE Airtricity operating units, or to optimise the value of the production from SSE Renewables and Thermal generation assets or to conduct other trading subject to the value at risk limits set out by the Energy Markets Risk Committee. Certain of these contracts (predominantly purchase contracts) are determined to be derivative financial instruments under IFRS 9 and as such are required to be recorded at their fair value. Changes in the fair value of those commodity contracts designated as IFRS 9 financial instruments are reflected in the income statement (as part of "certain re-measurements"). The Group shows the change in the fair value of these forward contracts separately as this mark-to-market movement is not relevant to the underlying performance of its operating segments due to the volatility that can arise on revaluation. The Group will recognise the underlying value of these contracts as the relevant commodity is delivered, which will predominantly be within the subsequent 12 to 24 months. Conversely, commodity contracts that are not financial instruments under IFRS 9 (predominantly sales contracts) are accounted for as "own use" contracts and are consequently not recorded until the commodity is delivered and the contract is settled. Gas inventory purchased by the Group's Gas Storage business for secondary trading opportunities is also held at fair value with gains and losses on re-measurement recognised as part of "certain re-measurements" in the income statement. Finally, the mark-to-market valuation movements on the Group's contracts for difference contracts entered into by SSE Renewables that are not designated as government grants and which are measured as Level 3 fair value financial instruments are also included within "certain re-measurements".

Financing derivatives include all fair value and cash flow interest rate hedges, non-hedge accounted (mark-to-market) interest rate derivatives, cash flow foreign exchange hedges and non-hedge accounted foreign exchange contracts entered into by the Group to manage its banking and liquidity requirements as well as risk management relating to interest rate and foreign exchange exposures. Changes in the fair value of those financing derivatives are reflected in the income statement (as part of "certain re-measurements"). The Group shows the change in the fair value of these forward contracts separately as this mark-to-market movement is not relevant to the underlying performance of its operating segments.

The re-measurements arising from operating and financing derivatives, and the tax effects thereof, are disclosed separately to aid understanding of the underlying performance of the Group.

2 Exceptional items

Exceptional charges or credits, and the tax effects thereof, are considered unusual by nature or scale and of such significance that separate disclosure is required for the underlying performance of the Group to be properly understood. Further explanation for the classification of an item as exceptional is included in note 3.2.

3 Adjustments to Gas Production decommissioning provision

The Group retains an obligation for 60% of the decommissioning liabilities of its former Gas Production business which was disposed in October 2021. The revaluation adjustments relating to these decommissioning liabilities are accounted for through the Group's consolidated income statement and are removed from the Group's adjusted profit measures as the revaluation of the provision is not considered to be part of the Group's core continuing operations.

4 Share of joint ventures and associates' interest and tax

This adjustment can be split between the Group's share of interest and the Group's share of tax arising from its investments in equity accounted joint ventures and associates. The Group is required to report profit before interest and tax ("operating profit") including its share of the profit after tax from its equity accounted joint ventures and associates. However, for internal performance management purposes and for consistency of treatment, SSE reports its adjusted operating profit measures before its share of the interest and/or tax on joint ventures and associates. The presentation of the Group's share of profits from equity accounted investments is expected to change on adoption of IFRS 18 (see note 2.2), at which point it is expected that the Group's APM reconciliation will also change.

Alternative Performance Measures continued

5 Share of joint ventures and associates' depreciation and amortisation

For management purposes, the Group considers EBITDA ("earnings before interest, tax, depreciation and amortisation") based on a sum-of-the-parts derived metric which includes a share of the EBITDA from equity accounted investments. While this is not equal to adjusted cash generated from operating activities, it is considered useful by management in assessing a proxy for such a measure, given the complexity of the Group structure and the range of investment structures utilised. For the purpose of calculating the "Net Debt to EBITDA" metric referred at page 24, "adjusted EBITDA" is further refined to remove the proportion of adjusted EBITDA from equity-accounted joint ventures relating to off-balance sheet debt (see note 5.1(v)).

6 Depreciation expense on fair value uplifts

The Group's strategy includes the realisation of value (developer gains) from divestments of stakes in SSE Renewables' offshore and international developments. In addition, for strategic purposes the Group may also decide to bring in equity partners to other businesses and assets. Where SSE's interest in such vehicles changes from full to joint control, and the subsequent arrangement is classified as an equity accounted joint venture, SSE may recognise a fair value uplift on the re-measurement of its retained equity investment. Those non-cash accounting uplifts will be treated as exceptional gains in the year of the relevant transactions completing. Furthermore, SSE may acquire businesses or joint venture interests which are determined to generate an exceptional opening gain on acquisition and accordingly an exceptional accounting fair value uplift to the opening assets acquired will be recorded. These uplifts create assets or adjustments to assets, which are depreciated or amortised over the remaining life of the underlying assets or contracts in those businesses with the charge being included in the Group's depreciation and amortisation expense. The Group's adjusted operating profit, adjusted profit before tax and adjusted earnings per share are therefore adjusted to exclude any additional depreciation, amortisation and impairment expense arising from the fair value uplifts given these charges are derived from significant one-off gains, which are treated as exceptional when initially recognised.

7 Release of deferred income

The Group deducts the release of deferred income in the year from its adjusted EBITDA metric as it principally relates to customer contributions against depreciating assets. As the metric adds back depreciation, the income is also deducted.

8 Deferred tax

The Group adjusts for deferred tax when arriving at adjusted profit after tax, adjusted earnings per share and its adjusted effective rate of tax. Deferred tax arises as a result of differences in accounting and tax bases that give rise to potential future accounting credits or charges. As the Group remains committed to its ongoing capital programme, the liabilities associated are not expected to reverse and accordingly the Group excludes these from its adjusted profit measures.

9 Results attributable to non-controlling interest holders

The Group's structure includes non-wholly owned but controlled subsidiaries which are consolidated within the financial statements of the Group. The most significant of those is SSEN Transmission, a 25% stake in which was divested on 30 November 2022. The Group has removed the share of profit attributable to holders of non-controlling equity stakes in all such businesses from the point when the ownership structure changed from all of its profit measures, to report all metrics based on the residual share of profits items attributable to the ordinary equity holders of the Group. The adjustment has been applied consistently to all of the Group's adjusted profit measures, including removing proportionate non-controlling share of operating profit and depreciation and amortisation from the Group's adjusted EBITDA metric; removing the non-controlling share of operating profit from the Group's adjusted operating profit metric; removing the non-controlling share of net finance costs from the Group's adjusted net finance costs metric; and removing the non-controlling interest share of current tax from the Group's adjusted current tax metric.

March 2025

Continuing operations	Reported £m	Movement on derivatives £m	Exceptional items £m	Reported before exceptional items and certain re-measurements £m	Adjustments to Gas Production decommissioning provision £m	Joint venture interest and tax £m	Depreciation expense on FV uplifts £m	Deferred tax £m	Share of profit attributable to non-controlling interests £m	Adjusted £m
Operating profit	1,962.2	78.5	309.7	2,350.4	(17.9)	173.3	20.1	–	(106.7)	2,419.2
Net finance (costs)/ income	(111.3)	(12.8)	(0.3)	(124.4)	–	(164.3)	–	–	7.7	(281.0)
Profit before taxation	1,850.9	65.7	309.4	2,226.0	(17.9)	9.0	20.1	–	(99.0)	2,138.2
Taxation	(518.0)	(4.0)	(29.7)	(551.7)	–	(9.0)	–	276.6	(12.3)	(296.4)
Profit after taxation	1,332.9	61.7	279.7	1,674.3	(17.9)	–	20.1	276.6	(111.3)	1,841.8
Attributable to other equity holders	(143.5)	–	–	(143.5)	–	–	–	(41.5)	111.3	(73.7)
Profit attributable to ordinary shareholders	1,189.4	61.7	279.7	1,530.8	(17.9)	–	20.1	235.1	–	1,768.1
Number of shares for EPS	1,099.2									1,099.2
Earnings per share (pence)	108.2									160.9

EBITDA	Adjusted operating profit from continuing operations £m	Share of joint ventures and associates' depreciation and amortisation £m	Depreciation expense on FV uplifts £m	Release of deferred income £m	Depreciation, impairment and amortisation before exceptional charges £m	Share of depreciation, impairment and amortisation before exceptional items attributable to non-controlling interests £m	Adjusted EBITDA £m
Adjusted operating profit from continuing operations	2,419.2	226.0	(20.1)	(14.1)	776.1	(37.8)	3,349.3

March 2024

(restated*)

Continuing operations	Reported £m	Movement on derivatives £m	Exceptional items £m	Reported before exceptional items and certain re-measurements £m	Adjustments to Gas Production decommissioning provision £m	Joint venture interest and tax £m	Depreciation expense on FV uplifts £m	Deferred tax £m	Share of profit attributable to non-controlling interests £m	Adjusted £m
Operating profit	2,608.2	(507.4)	266.3	2,367.1	9.9	169.5	19.0	–	(139.1)	2,426.4
Net finance (costs)/ income	(113.1)	(6.1)	(0.3)	(119.5)	–	(110.7)	–	–	4.7	(225.5)
Profit before taxation	2,495.1	(513.5)	266.0	2,247.6	9.9	58.8	19.0	–	(134.4)	2,200.9
Taxation	(610.7)	115.0	(23.3)	(519.0)	–	(58.8)	–	198.8	8.0	(371.0)
Profit after taxation	1,884.4	(398.5)	242.7	1,728.6	9.9	–	19.0	198.8	(126.4)	1,829.9
Attributable to other equity holders	(173.9)	–	–	(173.9)	–	–	–	(25.6)	126.4	(73.1)
Profit attributable to ordinary shareholders	1,710.5	(398.5)	242.7	1,554.7	9.9	–	19.0	173.2	–	1,756.8
Number of shares for EPS	1,091.8									1,091.8
Earnings per share (pence)	156.7									160.9

* The comparative has been restated. See note 1.2.

EBITDA	Adjusted operating profit from continuing operations £m	Share of joint ventures and associates' depreciation and amortisation £m	Depreciation expense on FV uplifts £m	Release of deferred income £m	Depreciation, impairment and amortisation before exceptional charges £m	Share of depreciation, impairment and amortisation before exceptional items attributable to non-controlling interests £m	Adjusted EBITDA £m
Adjusted operating profit from continuing operations	2,426.4	208.8	(19.0)	(13.0)	724.9	(32.5)	3,295.6

Alternative Performance Measures continued

Debt measure

Group APM	Purpose	Closest equivalent IFRS measure	Adjustments to reconcile to primary financial statements
Adjusted Net Debt and Hybrid Capital	**Debt measure**	**Unadjusted net debt**	– Cash held and posted as collateral and other deposits – Lease obligations – Non-controlling share of borrowings and cash – Hybrid equity

Rationale for adjustments to debt measure

10 Cash held and posted as collateral and other deposits

Cash held and posted as collateral refers to cash balances received from and deposited with counterparties including trading exchanges. Collateral balances mostly represent initial and variation margin, required as part of the management of the Group's exposures on commodity contracts, that will be received on maturity of the related trades. Deposits with a maturity of more than three months are also included in this adjustment. The Group includes this adjustment to better reflect the immediate cash resources to which it has access, which in turn better reflects the Group's funding position.

11 Lease obligations

SSE's reported loans and borrowings include lease liabilities on contracts within the scope of IFRS 16 "Leases", which are not directly related to external financing of the Group. The Group excludes these liabilities from its adjusted net debt and hybrid capital measure to better reflect the Group's underlying funding position with its primary sources of capital.

12 External net debt and cash attributable to non-controlling interests

The Group's structure includes non-wholly owned but controlled subsidiaries which are consolidated within the financial statements of the Group under applicable accounting standards. The most significant of those is SSEN Transmission, a 25% stake in which was divested on 30 November 2022. Following completion of the transaction, the Group has removed the share of external debt and cash in these subsidiaries proportionately attributable to the non-controlling interest holders from its adjusted net debt and hybrid capital metric. While legal entitlement to these items has not changed, the Group makes this adjustment to present net debt proportionately attributable to ordinary equity holders of the Group.

13 Hybrid equity

The characteristics of certain hybrid capital securities mean that they qualify for recognition as equity rather than debt under applicable accounting standards. Consequently, their coupon payments are presented within equity rather than within finance costs. As a result, the coupon payments are not included in SSE's adjusted profit before tax measure. To present total funding provided from sources other than ordinary shareholders, SSE presents its adjusted net debt measure inclusive of hybrid capital to better reflect the Group's funding position.

	March 2025 £m	March 2024 £m
Unadjusted net debt	**(9,513.9)**	(8,097.8)
Cash (held)/posted as collateral and other deposits	**(63.3)**	(353.2)
Lease obligations	**455.0**	407.5
External net debt attributable to non-controlling interests	**817.9**	490.2
Adjusted Net Debt	**(8,304.3)**	(7,553.3)
Hybrid equity	**(1,882.4)**	(1,882.4)
Adjusted Net Debt and Hybrid Capital	**(10,186.7)**	(9,435.7)

Capital measures

Group APM	Purpose	Closest equivalent IFRS measure	Adjustments to reconcile to primary financial statements
Adjusted Investment and Capital Expenditure	**Capital measure**	**Capital additions to intangible assets and property, plant and equipment**	– Joint ventures and associates' additions funding – Allowances and certificates – Customer or third party funded additions – Lease asset additions – Non-controlling share of capital expenditure – Additions acquired through business combinations
Adjusted Investment, Capital and Acquisition Expenditure	**Capital measure**	**Capital additions to intangible assets and property, plant and equipment**	– Joint ventures and associates' additions funding – Allowances and certificates – Customer or third party funded additions – Lease asset additions – Non-controlling share of capital expenditure – Additions acquired through business combinations – Acquisition cash consideration

Rationale for adjustments to capital measures

14 Joint ventures and associates' additions funding

Joint ventures and associates' additions included in the Group's capital measures represent the direct loan or equity funding provided by the Group to joint venture and associate arrangements in relation to capital expenditure projects. This has been included to better reflect the Group's use of directly funded equity accounted vehicles to grow the Group's asset base. Asset additions funded by project finance raised within the Group's joint ventures and associates are not included in this adjustment.

15 Allowances and certificates

Allowances and certificates consist of purchased carbon emissions allowances and generated or purchased renewable source of generation certificates such as renewable obligations certificates ("ROCs"). Additions in the year are not included in the Group's "capital expenditure and investment" APM to better reflect the Group's investment in enduring operational assets.

16 Customer or third party funded additions

Customer or third party funded additions represents additions to the Group's electricity and other networks that are financed by cash provided by third parties. Given these are directly funded by customers or third parties, these additions have been excluded to better reflect the Group's underlying investment position.

17 Lease additions

Additions of right of use assets under the Group's IFRS 16 compliant policies for lease contracts are excluded from the Group's adjusted capital measures as they do not represent directly funded capital investment. This is consistent with the treatment of lease obligations explained at 11, above.

18 Non-controlling interest share of capital expenditure

The Group's structure includes non-wholly owned but controlled subsidiaries which are consolidated within the financial statements of the Group. The most significant of those is SSEN Transmission, a 25% stake in which was divested on 30 November 2022. The Group has removed the share of capital additions attributable proportionately to these equity holders from its "adjusted investment and capital expenditure" and "adjusted investment, capital and acquisition expenditure" metrics. This is consistent with the adjustments noted elsewhere related to these non-controlling interests.

19 Additions acquired through business combinations

Where the Group acquires an early-stage development company which is classified as the acquisition of an asset, or group of assets and not the acquisition of a business, the acquisition is treated as an addition to intangible assets or property, plant and equipment and is included within "adjusted investment and capital expenditure". Where the Group acquires an established business or interest in an equity-accounted joint venture requiring a fair value assessment in line with the principles of IFRS 3 "Business Combinations", the fair value of acquired consolidated tangible or intangible assets is excluded from the Group's "adjusted investment and capital expenditure", as they are not direct capital expenditure by the Group. However, the fair valuation of consideration paid for the business or investment is included in the Group's "adjusted investment, capital and acquisition expenditure" metric, see 20 below. During the current and prior year there were no significant business acquisitions.

20 Acquisition cash consideration in relation to business combinations

The Group has outlined a significant investment programme which will partly be achieved through the acquisition of businesses with development opportunities for the Group. The cash consideration paid for these entities is included within the Group's "adjusted investment, capital and acquisition expenditure" metric as it provides stakeholders an accurate basis of cash investment into the Group's total development pipeline and is consistent with the reporting of the Group's Net Zero Acceleration Programme Plus. During the current and prior year there were no significant business acquisitions.

	March 2025 £m	March 2024 £m
Capital additions to intangible assets	**1,045.5**	1,314.2
Capital additions to property, plant and equipment	**2,791.5**	1,971.4
Capital additions to intangible assets and property, plant and equipment	**3,837.0**	3,285.6
Joint ventures and associates' additions	**288.0**	390.0
Allowances and certificates	**(603.7)**	(774.5)
Customer or third party funded additions	**(163.4)**	(152.0)
Lease asset additions	**(126.7)**	(73.0)
Non-controlled interests share of capital expenditure	**(320.8)**	(199.4)
Adjusted Investment and Capital Expenditure	**2,910.4**	2,476.7
Adjusted Investment, Capital and Acquisition Expenditure	**2,910.4**	2,476.7

Consolidated income statement

for the year ended 31 March 2025

	Note	2025 Before exceptional items and certain re-measurements £m	2025 Exceptional items and certain re-measurements (note 7) £m	2025 Total £m	2024 Before exceptional items and certain re-measurements £m	2024 Exceptional items and certain re-measurements (note 7) £m	2024 Total £m
Continuing operations							
Revenue	5	**10,131.9**	**–**	**10,131.9**	10,457.2	–	10,457.2
Cost of sales		**(6,210.9)**	**(57.4)**	**(6,268.3)**	(6,568.3)	461.3	(6,107.0)
Gross profit/(loss)		**3,921.0**	**(57.4)**	**3,863.6**	3,888.9	461.3	4,350.2
Operating costs	6	**(1,742.0)**	**(309.7)**	**(2,051.7)**	(1,577.7)	(270.9)	(1,848.6)
Debt impairment charges	A6.2	**(47.1)**	**–**	**(47.1)**	(128.8)	–	(128.8)
Other operating income	6	**107.5**	**–**	**107.5**	116.7	4.6	121.3
Operating profit/(loss) before joint ventures and associates		**2,239.4**	**(367.1)**	**1,872.3**	2,299.1	195.0	2,494.1
Joint ventures and associates:							
Share of operating profit		**284.3**	**–**	**284.3**	237.5	–	237.5
Share of interest		**(164.3)**	**–**	**(164.3)**	(110.7)	–	(110.7)
Share of movement in derivatives		**–**	**(28.1)**	**(28.1)**	–	61.4	61.4
Share of tax		**(9.0)**	**7.0**	**(2.0)**	(58.8)	(15.3)	(74.1)
Share of profit on joint ventures and associates	16	**111.0**	**(21.1)**	**89.9**	68.0	46.1	114.1
Operating profit/(loss)	5	**2,350.4**	**(388.2)**	**1,962.2**	2,367.1	241.1	2,608.2
Finance income	9	**194.8**	**13.1**	**207.9**	198.8	6.4	205.2
Finance costs	9	**(319.2)**	**–**	**(319.2)**	(318.3)	–	(318.3)
Profit/(loss) before taxation		**2,226.0**	**(375.1)**	**1,850.9**	2,247.6	247.5	2,495.1
Taxation	10	**(551.7)**	**33.7**	**(518.0)**	(519.0)	(91.7)	(610.7)
Profit/(loss) for the year		**1,674.3**	**(341.4)**	**1,332.9**	1,728.6	155.8	1,884.4
Attributable to:							
Ordinary shareholders of the parent	11	**1,530.8**	**(341.4)**	**1,189.4**	1,554.7	155.8	1,710.5
Non-controlling interests		**69.8**	**–**	**69.8**	100.8	–	100.8
Other equity holders		**73.7**	**–**	**73.7**	73.1	–	73.1
Earnings per share							
Basic (pence)	11			**108.2**			156.7
Diluted (pence)	11			**108.1**			156.5

The accompanying notes are an integral part of these financial statements.

Consolidated statement of comprehensive income

for the year ended 31 March 2025

	2025 £m	2024 £m
Profit for the year – continuing operations	**1,332.9**	1,884.4
Other comprehensive income:		
Items that will be reclassified subsequently to profit or loss:		
Net gains on cash flow hedges	**48.1**	6.5
Transferred to assets and liabilities on cash flow hedges	**10.0**	2.1
Taxation on cashflow hedges	**(11.3)**	(0.3)
	46.8	8.3
Share of other comprehensive loss of joint ventures and associates, net of taxation	**(16.7)**	(40.9)
Exchange difference on translation of foreign operations	**(42.9)**	(66.6)
Gain on net investment hedge	**36.0**	30.9
	23.2	(68.3)
Items that will not be reclassified to profit or loss:		
Actuarial gain/(loss) on retirement benefit schemes, net of taxation	**39.6**	(116.4)
Share of other comprehensive income of joint ventures and associates, net of taxation	**15.8**	–
(Loss)/gain on revaluation of investments in equity instruments, net of taxation	**(0.3)**	3.5
	55.1	(112.9)
Other comprehensive gain/(loss), net of taxation	**78.3**	(181.2)
Total comprehensive income for the year – continuing operations	**1,411.2**	1,703.2
Attributable to:		
Ordinary shareholders of the parent	**1,263.6**	1,529.3
Non-controlling interests	**73.9**	100.8
Other equity holders	**73.7**	73.1
	1,411.2	1,703.2

The accompanying notes are an integral part of these financial statements.

Consolidated balance sheet

as at 31 March 2025

	Note	2025 £m	2024 £m (restated*)
Assets			
Property, plant and equipment	14	**18,824.1**	16,611.5
Goodwill and other intangible assets	13	**2,170.5**	2,324.6
Equity investments in joint ventures and associates	16	**1,987.3**	1,963.2
Loans to joint ventures and associates	16	**1,510.3**	1,352.9
Other investments	16	**8.8**	3.2
Other receivables	18	**199.9**	170.1
Derivative financial assets	24	**63.5**	64.2
Retirement benefit assets	23	**501.8**	421.6
Non-current assets		**25,266.2**	22,911.3
Intangible assets	13	**392.7**	754.7
Inventories	17	**462.9**	343.0
Trade and other receivables	18	**2,943.2**	2,654.1
Current tax asset	10	**29.7**	35.1
Cash and cash equivalents	21	**1,090.5**	1,035.9
Derivative financial assets	24	**178.4**	536.1
Current assets		**5,097.4**	5,358.9
Total assets		**30,363.6**	28,270.2
Liabilities			
Loans and other borrowings	21	**1,964.0**	1,128.0
Trade and other payables	19	**2,897.9**	3,322.5
Current tax liabilities	10	**–**	9.3
Financial guarantee liabilities	24	**2.4**	3.1
Provisions	20	**80.5**	52.7
Derivative financial liabilities	24	**126.3**	345.2
Current liabilities		**5,071.1**	4,860.8
Loans and other borrowings	21	**8,640.4**	8,005.7
Deferred tax liabilities	10	**1,844.5**	1,536.8
Trade and other payables	19	**1,247.9**	1,092.8
Financial guarantee liabilities	24	**23.1**	36.4
Provisions	20	**676.1**	712.4
Derivative financial liabilities	24	**167.7**	222.2
Non-current liabilities		**12,599.7**	11,606.3
Total liabilities		**17,670.8**	16,467.1
Net assets		**12,692.8**	11,803.1
Equity			
Share capital	22	**555.6**	548.1
Share premium		**812.6**	820.1
Capital redemption reserve		**52.6**	52.6
Hedge reserve		**432.7**	407.6
Translation reserve		**(8.6)**	(2.6)
Retained earnings		**8,336.7**	7,540.0
Equity attributable to ordinary shareholders of the parent		**10,181.6**	9,365.8
Hybrid equity	22	**1,882.4**	1,882.4
Attributable to non-controlling interests	22	**628.8**	554.9
Total equity		**12,692.8**	11,803.1

* The comparative has been restated. See note 1.2.

The accompanying notes are an integral part of the financial statements.

These financial statements were approved by the Board of Directors on 20 May 2025 and signed on their behalf by:

Barry O'Regan,
Chief Financial Officer

Sir John Manzoni,
Chairman

SSE plc

Registered No: SC117119

Consolidated statement of changes in equity

for the year ended 31 March 2025

	Share capital £m	Share premium £m	Capital redemption reserve £m	Hedge reserve £m	Translation reserve £m	Retained earnings £m	Total attributable to ordinary shareholders £m	Hybrid equity £m	Total equity before non-controlling interests £m	Non-controlling interests £m	Total equity £m
At 1 April 2024 (restated*)	**548.1**	**820.1**	**52.6**	**407.6**	**(2.6)**	**7,540.0**	**9,365.8**	**1,882.4**	**11,248.2**	**554.9**	**11,803.1**
Profit for the year	–	–	–	–	–	**1,189.4**	**1,189.4**	**73.7**	**1,263.1**	**69.8**	**1,332.9**
Other comprehensive income/(loss)	–	–	–	**25.1**	**(6.0)**	**55.1**	**74.2**	–	**74.2**	**4.1**	**78.3**
Total comprehensive income for the year	–	–	–	**25.1**	**(6.0)**	**1,244.5**	**1,263.6**	**73.7**	**1,337.3**	**73.9**	**1,411.2**
Dividends to shareholders	–	–	–	–	–	**(671.0)**	**(671.0)**	–	**(671.0)**	–	**(671.0)**
Scrip dividend related share issue	**7.5**	**(7.5)**	–	–	–	**268.9**	**268.9**	–	**268.9**	–	**268.9**
Issue of treasury shares	–	–	–	–	–	**17.8**	**17.8**	–	**17.8**	–	**17.8**
Distributions to Hybrid equity holders	–	–	–	–	–	–	–	**(73.7)**	**(73.7)**	–	**(73.7)**
Share buyback (note 22.1)	–	–	–	–	–	**(71.7)**	**(71.7)**	–	**(71.7)**	–	**(71.7)**
Credit in respect of employee share awards	–	–	–	–	–	**22.3**	**22.3**	–	**22.3**	–	**22.3**
Investment in own shares	–	–	–	–	–	**(14.1)**	**(14.1)**	–	**(14.1)**	–	**(14.1)**
At 31 March 2025	**555.6**	**812.6**	**52.6**	**432.7**	**(8.6)**	**8,336.7**	**10,181.6**	**1,882.4**	**12,064.0**	**628.8**	**12,692.8**

for the year ended 31 March 2024

	Share capital £m	Share premium £m	Capital redemption reserve £m	Hedge reserve £m	Translation reserve £m	Retained earnings £m	Total attributable to ordinary shareholders £m	Hybrid equity £m	Total equity before non-controlling interests £m	Non-controlling interests £m	Total equity £m
At 1 April 2023 (restated*)	547.0	821.2	52.6	441.2	32.1	6,852.6	8,746.7	1,882.4	10,629.1	454.1	11,083.2
Profit for the year	–	–	–	–	–	1,710.5	1,710.5	73.1	1,783.6	100.8	1,884.4
Other comprehensive loss	–	–	–	(33.6)	(34.7)	(112.9)	(181.2)	–	(181.2)	–	(181.2)
Total comprehensive income for the year	–	–	–	(33.6)	(34.7)	1,597.6	1,529.3	73.1	1,602.4	100.8	1,703.2
Dividends to shareholders	–	–	–	–	–	(956.4)	(956.4)	–	(956.4)	–	(956.4)
Scrip dividend related share issue	1.1	(1.1)	–	–	–	38.6	38.6	–	38.6	–	38.6
Issue of treasury shares	–	–	–	–	–	9.2	9.2	–	9.2	–	9.2
Distributions to Hybrid equity holders	–	–	–	–	–	–	–	(73.1)	(73.1)	–	(73.1)
Credit in respect of employee share awards	–	–	–	–	–	20.2	20.2	–	20.2	–	20.2
Investment in own shares	–	–	–	–	–	(21.8)	(21.8)	–	(21.8)	–	(21.8)
At 31 March 2024 (restated*)	548.1	820.1	52.6	407.6	(2.6)	7,540.0	9,365.8	1,882.4	11,248.2	554.9	11,803.1

* The comparative has been restated. See note 1.2.

Consolidated cash flow statement

for the year ended 31 March 2025

	Note	2025 £m	2024 £m
Operating profit – continuing operations		**1,962.2**	2,608.2
Less share of profit of joint ventures and associates		**(89.9)**	(114.1)
Operating profit before jointly controlled entities and associates		**1,872.3**	2,494.1
Pension service charges less contributions paid	23	**(6.7)**	(9.5)
Movement on operating derivatives	24	**60.1**	(443.4)
Depreciation, amortisation, write downs and impairments		**1,057.1**	859.0
Impairment of joint venture investment including shareholder loans	7,16	**–**	136.8
Charge in respect of employee share awards		**22.3**	20.2
Profit on disposal of assets and businesses	6	**(47.9)**	(9.0)
Charge in respect of provisions	20	**6.4**	14.6
Credit in respect of financial guarantees		**(1.9)**	(12.5)
Release of deferred income	6	**(14.1)**	(13.0)
Cash generated from operations before working capital movements		**2,947.6**	3,037.3
(Increase)/decrease in inventories		**(109.5)**	39.6
Decrease in receivables		**2.6**	763.1
(Decrease)/increase in payables		**(196.0)**	243.0
Decrease in provisions		**(23.7)**	(33.9)
Cash generated from operations		**2,621.0**	4,049.1
Dividends received from investments	16	**200.6**	223.7
Interest paid		**(104.2)**	(67.0)
Taxes paid		**(240.6)**	(345.8)
Net cash from operating activities		**2,476.8**	3,860.0
Purchase of property, plant and equipment	5	**(2,689.2)**	(1,970.3)
Purchase of other intangible assets	5	**(441.8)**	(542.2)
Receipt of government grant income	5	**55.7**	93.4
Deferred income received		**20.2**	17.4
Proceeds from disposals	6,7,16	**25.2**	14.9
Purchase of businesses, joint ventures and subsidiaries	12,16	**–**	(42.9)
Loans and equity provided to joint ventures and associates	16	**(408.3)**	(443.6)
Loans and equity repaid by joint ventures	16	**121.7**	14.6
(Increase)/decrease in other investments	16	**(1.9)**	0.4
Net cash used in investing activities		**(3,318.4)**	(2,858.3)
Proceeds from issue of share capital	22	**17.8**	9.2
Dividends paid to company's equity holders	11	**(402.1)**	(917.8)
Share buybacks	22	**(71.7)**	–
Hybrid equity dividend payments	22	**(73.7)**	(73.1)
Employee share awards share purchase	22	**(14.1)**	(21.8)
New borrowings	21	**2,592.2**	1,982.2
Repayment of borrowings	21	**(1,162.2)**	(1,842.7)
Settlement of cashflow hedges		**10.0**	6.4
Net cash from/(used in) financing activities		**896.2**	(857.6)
Net increase in cash and cash equivalents		**54.6**	144.1
Cash and cash equivalents at the start of year	21	**1,035.9**	891.8
Net increase in cash and cash equivalents		**54.6**	144.1
Cash and cash equivalents at the end of year	21	**1,090.5**	1,035.9

The accompanying notes are an integral part of these financial statements.

Notes to the consolidated financial statements

for the year ended 31 March 2025

1 General Information and basis of preparation

1.1. General information

SSE plc (the "Company") is a company domiciled in Scotland. The address of the registered office is given on the back cover. The Group's operations and its principal activities are set out in the Strategic Report. The consolidated financial statements for the year ended 31 March 2025 comprise those of the Company and its subsidiaries (together referred to as the Group). The Company financial statements present information about the Company as a separate entity and not about the Group, these can be seen on pages 263 to 271.

1.2. Basis of preparation

Statement of compliance

The financial statements were authorised for issue by the Directors on 20 May 2025. The financial statements have been prepared in accordance with UK-adopted International Accounting Standards ("IAS").

Going Concern

The Directors consider that the Group has adequate resources to continue in operational existence for the period to 31 December 2026. The financial statements are therefore prepared on a Going Concern basis.

In addition, further details of the Group's liquidity position and Going Concern review are provided at note 21 and in A6. Accompanying Information to the Financial Statements on page 249.

Basis of measurement

The financial statements of the Group are prepared on the historical cost basis except for certain gas inventory, derivative financial instruments, financial instruments designated at fair value through profit or loss or other comprehensive income on initial recognition, assets of the Group pension schemes, all of which are measured at their fair value, and liabilities of the Group's pension schemes which are measured using the projected unit credit method. The directors believe the financial statements present a true and fair view. The financial statements of the Group are presented in pounds Sterling and all values are rounded to the nearest million to one decimal place (£m), unless otherwise stated. The basis for including operations and transactions conducted in currencies other than pounds Sterling is provided in A1. Accompanying Information to the Financial Statements on page 229.

Use of estimates and judgements

The preparation of financial statements conforming with adopted IFRS requires the use of certain accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. The areas involving a higher level of judgement or estimation are summarised at pages 176 to 178.

Changes to presentation and prior year adjustments

The prior year comparatives at 31 March 2024 have been restated as follows:

Segments

In accordance with the requirements of IFRS 8 "Operating Segments" the Group aligns its segmental disclosures with its internal reporting to the Group Executive Committee (the Chief Operating Decision Maker). The reporting of these operating segments is used to assess operating performance and to make decisions on how to allocate capital. During the year to 31 March 2025, the Group's Enterprise business was integrated into its SSE Business Energy, SSE Thermal and SSE Energy Markets operating segments. Consequently, the segmental results reported within these financial statements have been restated with effect from 1 April 2023. Details of the main activities reallocated from SSE Enterprise into the Group's other segments are provided note 5.

Comparative segmental information in note 5 has been restated to reflect the change to these segments. The impacts of the restatements are a decrease to the adjusted operating profit of SSE Business Energy (2024: £40.6m), an increase to the adjusted operating profit of SSE Thermal (2024: £16.4m) and a decrease in the adjusted operating profit of SSE Energy Markets (2024: £1.4m) and a decrease to the adjusted EBITDA of SSE Business Energy (2024: £36.5m), an increase to the adjusted EBITDA of SSE Thermal (2024: £22.0m) and a decrease in the adjusted EBITDA of SSE Energy Markets (2024: £1.4m). The reported operating profit by segment has been restated by the same amounts. Additionally, adjusted capital expenditure has been restated with an increase to SSE Business Energy (2024: £40.9m), SSE Thermal (2024: £9.6m) and SSE Energy Markets (2024: £0.5m) and revenue has been restated with an increase to SSE Business Energy (2024: £63.5m) and SSE Thermal (2024: £28.4m).

This restatement has had no impact on the consolidated adjusted performance measures of the Group at 31 March 2024.

Additionally note 8.2 employee numbers and A6.2 concentrations of risk have been restated for March 2024 for this integration.

Alternative Performance Measures ("APMs") – adjustment for net interest on net pension assets/liabilities

During the year the Group simplified its adjusted profit metrics by removing the adjustment for interest on net pension assets/liabilities valued under IAS 19 "Employee Benefits". This adjustment is no longer deemed necessary by management as the pension interest adjustment is less volatile and material to the Group than it was when first introduced as an APM adjustment. The impacts of the restatements for 31 March 2024 are an increase in the adjusted profit before tax of £26.2m and adjusted earnings per share of 2.4 pence.

There have been no other changes to the Group's APMs in the current year.

Non-controlling interest presentation change

After reconsidering the accounting for sale of the 25% non-controlling stake in Scottish Hydro Electric Transmission plc, which the Group disposed of in the year ending 31 March 2023, the comparative balance sheets and statements of changes in equity have been restated to increase retained earnings by £195.0m (with a corresponding decrease in non-controlling interests) representing the gain recognised in equity on that transaction. Comparatives at 1 April 2023, 31 March 2024 have been restated accordingly. This adjustment had no impact on net assets, the income statement, statement of cashflows or adjusted performance measures of the Group, at any reporting date.

Changes to estimates

On 31 March 2025, the Group's Thermal business reviewed the useful economic life of the Peterhead, Keadby and Medway CCGT assets. The review confirmed the technical capability of the assets to continue to operate until at least 2035. Noting also the recommendations of the UK Government's UK Clean Power 2030 Action Plan and the Group's ongoing success in the capacity markets it is expected that the assets will continue to generate economic benefit in this period. As a result, the useful economic lives of the assets have been extended to 2035. The change in useful economic life had no impact on the depreciation charge for the year ended 31 March 2025, but will reduce the depreciation charge for the year ending 31 March 2026 by £14.2m.

2 New accounting policies and reporting changes

The principal accounting policies applied in the preparation of these financial statements are set out below and in the A1 Accompanying Information to the Financial Statements on pages 229 to 237.

2.1. New standards, amendments and interpretations effective or adopted by the Group

During the year ended 31 March 2025, the Group adopted the amendments to:

- IAS 1 "Presentation of Financial Statements" in relation to non-current liabilities with covenants
- IFRS 16 "Leases" in relation to a lease on sale and leaseback
- IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures" in relation to supplier finance arrangements'

Adoption of these amendments had no material impact on these Financial Statements. There were no other standards, amendments to standards or interpretations relevant to the Group's operations which were adopted during the year.

2.2. New standards, amendments and interpretations issued, but not yet adopted by the Group

IFRS 18 "Presentation and Disclosure in Financial Statements" was issued in April 2024 and will be effective from 1 January 2027 (1 April 2027 for the Group), subject to UK endorsement. This standard will replace IAS 1 "Presentation of Financial Statements." The new standard does not amend the principles of recognition and measurement and so will not impact the financial results of the Group. However, it will impact the presentation of the consolidated financial statements, in particular the Consolidated Income Statement.

While the Group is continuing to assess the full impact of adoption of the standard, it is expected that the presentation of the Consolidated Income Statement will be amended to include the new subtotals prescribed in the standard. The share of profit recognised from equity accounted investments will be classified within investing activities, instead of its current classification within operating activities. It is expected that certain notes to the consolidated financial statements will also be amended to comply with aggregation and disaggregation principles.

Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" in relation to the classification and measurement of financial instruments have been issued. An additional amendment has also been made to both standards in relation to contracts referencing nature-dependent electricity. These amendments will be effective from 1 January 2026 (1 April 2026 for the Group). While the impact of adoption is continuing to be assessed, it is not expected the amendments will have a material impact on the Group's consolidated financial statements.

3 Adjusted accounting measures

The Group applies the use of adjusted accounting measures or alternative performance measures ("APMs") throughout the Annual Report and Financial Statements. These measures enable the Directors to present the underlying performance of the Group and its segments to the users of the statements in a consistent and meaningful manner. The adjustments applied and certain terms such as "adjusted operating profit", "adjusted earnings per share", "adjusted EBITDA", "adjusted investment and capital expenditure", "adjusted investment, capital and acquisition expenditure" and "adjusted net debt and hybrid capital" are not defined under IFRS and are explained in more detail below. In addition, the section "Alternative Performance Measures" at page 162 provides further context and explanation of these terms.

3.1 Adjusted measures

The Directors assess the performance of the Group and its reportable segments based on "adjusted measures". These measures are used for internal performance management and are believed to be appropriate for explaining underlying performance to users of the accounts. These measures are also deemed to be the most useful for ordinary shareholders of the Company and for other stakeholders.

The performance of the reportable segments is reported based on adjusted profit before interest and tax ("adjusted operating profit"). This is reconciled to reported profit before interest and tax by adding back exceptional items and certain re-measurements (see note 3.2 below), depreciation expense on fair value uplifts, the share of operating profit attributable to non-controlling interests, adjustments to the Gas Production decommissioning provision and after the removal of interest and taxation on profits from equity-accounted joint ventures and associates.

The performance of the Group is reported based on adjusted profit before tax which excludes exceptional items and certain re-measurements (see note 3.2 below), depreciation expense on fair value uplifts, the share of profit before tax attributable to non-controlling interests, adjustments to the Gas Production decommissioning provision and taxation on profits from equity-accounted joint ventures and associates.

The Group also uses adjusted earnings before interest, taxation, depreciation and amortisation ("adjusted EBITDA") as an alternative operating performance measure which acts as a management proxy for cash generated from operating activities. This does not take into account the rights and obligations that SSE has in relation to its equity-accounted joint ventures and associates. This measure excludes exceptional items and certain re-measurements (see note 3.2 below), the depreciation charged on fair value uplifts, the share of EBITDA attributable to non-controlling interests, adjustments to the Gas Production decommissioning provision, depreciation and amortisation from equity-accounted joint ventures and associates and interest and taxation on profits from equity-accounted joint ventures and associates. For the purpose of calculating the "Net Debt to EBITDA" metric referred at page 24, "adjusted EBITDA" is further adjusted to remove the proportion of adjusted EBITDA from equity-accounted joint ventures relating to off-balance sheet debt (see note 5.1(v)).

The Group's key performance measure is adjusted earnings per share ("EPS"), which is based on basic earnings per share before exceptional items and certain re-measurements (see note 3.2 below), depreciation on fair value uplifts, adjustments to the Gas Production decommissioning provision and after the removal of deferred taxation and other taxation items. Deferred taxation is excluded from the Group's adjusted EPS because of the Group's significant ongoing capital investment programme, which means that the deferred tax is unlikely to reverse. Adjusted profit after tax is presented on a basis consistent with adjusted EPS except for the non-inclusion of payments to holders of hybrid equity.

The financial statements also include an "adjusted net debt and hybrid capital" measure. This presents financing information on the basis used for internal liquidity risk management. This measure excludes obligations due under lease arrangements and the share of net debt attributable to non-controlling interests, and includes cash held and posted as collateral on commodity trading exchanges, and other deposits with a maturity of more than three months. The measure represents the capital owed to investors, lenders and equity holders other than the ordinary shareholders. As with "adjusted earnings per share", this measure is considered to be of relevance to the ordinary shareholders of the Group as well as other stakeholders and interested parties.

3 Adjusted accounting measures continued

3.1 Adjusted measures continued

Finally, the financial statements include an "adjusted investment and capital expenditure" and an "adjusted investment, capital and acquisition expenditure" measure. These metrics represent the capital invested by the Group in projects that are anticipated to provide a return on investment over future years, or which otherwise support Group operations and are consistent with internally applied metrics. They therefore include capital additions to property, plant and equipment and intangible assets and the Group's direct funding of joint venture and associates' capital projects. The Group has considered it appropriate to report these values both internally and externally in this manner due to its use of equity-accounted investment vehicles to grow the Group's asset base and to highlight where the Group is providing funding to the vehicle through either loans or equity. The Group does not include project funded capital additions in these metrics, nor does it include other capital invested in joint ventures and associates. In addition, the Group excludes additions to its property, plant and equipment funded by customer contributions and additions to intangible assets associated with allowances and certificates. The Group also excludes the share of investment and capital expenditure attributable to non-controlling interests in controlled but not wholly owned subsidiaries and disposed or impaired additions. The "adjusted investment, capital and acquisition expenditure" measure also includes cash consideration paid by the Group in business combinations which contribute to growth of the Group's capital asset base and is considered to be relevant metric in context of the Group's Net Zero Acceleration Programme Plus. As with "adjusted earnings per share", these measures are considered to be of relevance to management and to the ordinary shareholders of the Group as well as to other stakeholders and interested parties.

Reconciliations from reported measures to adjusted measures along with further description of the rationale for those adjustments are included in the "Alternative Performance Measures" section at pages 162 to 168.

Where the Group have referred to an adjusted performance measure in the financial statements the following sign is presented to denote this APM.

3.2 Exceptional items and certain re-measurements

Exceptional items are those charges or credits that are considered unusual by nature and/or scale and of such significance that separate disclosure is required for the financial statements to be properly understood. The trigger points for recognition of items as exceptional items will tend to be non-recurring, although exceptional charges (or credits) may impact the same asset class or segment over time.

Examples of items that may be considered exceptional include material asset, investment or business impairment charges; reversals of historic exceptional impairments; certain business restructuring and reorganisation costs; significant realised gains or losses on disposal; unrealised fair value adjustments on acquisition or disposals; and provisions in relation to significant disputes and claims.

The Group operates a policy framework for establishing whether items should be considered exceptional. This framework, which is reviewed annually, is based on the materiality of the item, by reference to the Group's key performance measure of adjusted earnings per share. This framework estimates that any qualifying item greater than £40.0m (2024: £40.0m) will be considered exceptional, with the exception of any strategic restructuring of activities or discontinued operations, which will respectively be considered on a case-by-case basis or will always be treated as exceptional. The only further exception to this threshold is for gains or losses on disposal, or divestment of early-stage international or offshore wind farm development projects within SSE Renewables, which are considered non-exceptional in line with the Group's strategy to generate recurring gains from developer divestments. Where a qualifying gain arises on a non-cash transaction, the gain is still treated as exceptional.

Certain re-measurements are re-measurements arising on certain commodity, interest rate and currency contracts which are accounted for as held for trading or as fair value hedges in accordance with the Group's policy for such financial instruments; re-measurements on stocks of commodities held at the balance sheet date; or movements in fair valuation of contracts for difference not designated as government grants. The amount recorded in the adjusted results for these contracts is the amount settled in the year as disclosed in note 24.1.

This excludes commodity contracts not treated as financial instruments under IFRS 9 where the contracts are held for the Group's own use requirements; the fair value of these contracts is not recorded and the value associated with the contract is not recognised until the underlying commodity is delivered.

The impact of changes in corporation tax rates on deferred tax balances are also included within certain re-measurements.

3.3 Other additional disclosures

As permitted by IAS 1 "Presentation of Financial Statements", the Group's income statement discloses additional information in respect of joint ventures and associates, exceptional items and certain re-measurements to aid understanding of the Group's financial performance and to present results clearly and consistently.

4 Accounting judgements and estimation uncertainty

In the process of applying the Group's accounting policies, management is required to make judgements and estimates that will have a significant effect on the amounts recognised in the financial statements. Changes in the assumptions underlying the estimates could result in a significant impact to the financial statements. The Group's key accounting judgement and estimation areas are noted below, with the most significant and material financial judgement areas that are specifically considered by the Audit Committee highlighted separately.

The Group has made no changes to its significant accounting judgements and identified no new areas of estimation uncertainty during the year. As there is no provision for uncertain tax positions within the financial statements in the current or comparative years (2024 and 2023: £nil) and noting the Group's current view on such matters, this estimation uncertainty has been removed from the disclosure of estimates that could result in a significant impact on the financial statements.

4.1 Significant financial judgements and estimation uncertainties

The preparation of these financial statements has specifically considered the following significant financial judgements, some of which are also areas of estimation uncertainty as noted below.

i. Impairment testing and valuation of certain non-current assets – financial judgement and estimation uncertainty

The Group reviews the carrying amounts of its goodwill, other intangible assets, specific property, plant and equipment and investment assets to determine whether any impairments or reversal of impairments to the carrying value of those assets requires to be recorded. Where an indicator of impairment or impairment reversal exists, the recoverable amount of those assets is determined by reference to value in use calculations or fair value less cost to sell assessments. As well as its goodwill balances, the specific assets under review in the year ended 31 March 2025 are intangible development assets in Southern Europe and Japan; and specific property, plant and equipment assets related to gas storage at Aldbrough and Atwick and the Group's thermal power station at Great Island in Ireland. In addition, the Group performed an impairment review over the carrying value of its equity investments in Neos Networks Limited and Triton Power Holdings Limited.

In conducting its reviews, the Group makes judgements and estimates determining both the level of cash generating unit ("CGU") at which common assets such as goodwill are assessed against, as well as the estimates and assumptions behind the calculation of recoverable amount of the respective assets or CGUs.

Changes to the estimates and assumptions on factors such as regulation and legislation changes (including relevant climate change related regulation), power, gas, carbon and other commodity prices, volatility of gas prices, plant running regimes and load factors, discount rates and other inputs could impact the assessed recoverable value of assets and CGUs and consequently impact the Group's income statement and balance sheet.

Further detail of the calculation basis and key assumptions used in the impairment review, the resulting impairment and the sensitivity of this assessment to key assumptions is disclosed at note 15. Detail on the accounting policies applied is included in the Accompanying Information section A1.

ii. Retirement benefit obligations – estimation uncertainty

The assumptions in relation to the cost of providing post-retirement benefits during the year are based on the Group's best estimates and are set after consultation with qualified actuaries. While these assumptions are believed to be appropriate, a change in these assumptions would impact the level of the retirement benefit obligation recorded and the cost to the Group of administering the schemes.

Further detail of the calculation basis and key assumptions used, the resulting movements in obligations, and the sensitivity of key assumptions to the obligation is disclosed at note 23.

iii. Revenue recognition – Customers unbilled supply of energy – estimation uncertainty

Revenue from energy supply activities undertaken by the SSE Business Energy and SSE Airtricity businesses includes an estimate of the value of electricity or gas supplied to customers between the date of the last meter reading and the year end. This estimation comprises both billed revenue and unbilled revenue and is calculated based on applying the tariffs and contract rates applicable to customers against aggregated estimated customer consumption, taking account of various factors including tariffs, consumption patterns, customer mix, metering data, operational issues relating to the billings process and externally notified aggregated volumes supplied to customers from national settlements bodies.

The Group's SSE Business Energy segment completed the migration of customers to a new billing platform during the current financial year. Following the completion of the migration, the billing platform performance has stabilised and resulted in a lower level of unbilled sales at 31 March 2025. The level of judgement applied in determining the sales accrual has also lessened compared to the position at March 2024. For the prior year end, the Group recognised a provision against the sales accrual to reflect that customer billing delays may result in a deterioration in collection performance. No comparable risk provision was recognised at 31 March 2025 and it is expected that the level of judgement applied will be reduced in future reporting periods as operational performance continues to improve.

This unbilled estimation is subject to an internal corroboration process which compares calculated unbilled volumes to a theoretical "perfect billing" benchmark measure of unbilled volumes (in GWh and millions of therms) derived from historical consumption patterns and aggregated metering data used in industry reconciliation processes. Unbilled revenue is compared to billings in the period between the balance sheet date and the finalisation of the financial statements which has provided evidence of post report date billings and hence support to the accrual recognised.

Given the requirement of management to apply judgement, the estimated revenue accrual remains a significant estimate made by management in preparing the financial statements. A change in the assumptions underpinning the unbilled calculation would have an impact on the amount of revenue recognised in any given period. The sensitivity associated with this judgement factor is disclosed at note 18.

iv. Valuation of other receivables – financial judgement and estimation uncertainty

The Group holds a £100m loan note due from OVO Holdings Limited (a subsidiary of Energy Transition Holdings Limited ("ETHL")) following the disposal of SSE Energy Services on 15 January 2020. The loan is repayable in full by 31 December 2029, carries interest at 13.25% and is presented cumulative of accrued interest payments, discounted at 13.25%. At 31 March 2025, the carrying value (net of expected credit loss provision of £1.8m (2024: £1.6m)) is £193.5m (2024: £170.1m) (see note 18).

The Group has assessed recoverability of the loan note receivable and has recognised a provision for expected credit loss in accordance with the requirements of IFRS 9. The Group's assessment of the recoverability of the loan note is considered a significant financial judgement. The Group has taken appropriate steps to assess all available information in respect of the recoverability of the loan note. Procedures included reviewing recent financial information of ETHL, including the 31 December 2023 consolidated financial statements; and discussions with ETHL management. While the carrying value is considered to be appropriate, changes in economic conditions could lead to a change in the expected credit loss incurred by the Group in future periods.

v. Impact of climate change and the transition to net zero – financial judgement and estimation uncertainty

Climate change and the transition to net zero have been considered in the preparation of these financial statements. Where relevant, assumptions have been applied that are consistent to a Paris-aligned 1.5°C 2050 net zero pathway. The Group has a clearly articulated NZAP Plus plan to lead in the UK's transition to clean power and aligns its investment plans and business activities to that strategy. These plans are supported by the Group's Green Bond framework under which the Group's eighth green bond was issued by SSEN Transmission in August 2024 and ninth green bond was issued by SSE plc in March 2025 (see note 21). The proceeds of the eighth green bond were allocated to fund Transmission network projects and the proceeds of the ninth green bond were allocated to finance or refinance Renewables wind farm projects.

The impact of future climate change regulation could have a material impact on the currently reported amounts of the Group's assets and liabilities. In preparing these financial statements, the following climate change related risks have been considered:

Valuation of property, plant and equipment, and impairment assessment of goodwill

The Group's view is that flexible generation capacity, such as the Group's fleet of CCGT power stations, will be an essential part of the net zero transition to provide security of supply to a market increasingly dependent upon renewable sources, which are inherently intermittent. The UK Government recently published its "Clean Power 2030 Action Plan" which supports the Group's view that unabated gas will continue to play a back-up role throughout the transition to clean power, by ensuring the security of supply.

Notes to the consolidated financial statements continued
for the year ended 31 March 2025

4 Accounting judgements and estimation uncertainty continued

4.1 Significant financial judgements and estimation uncertainties continued

v. Impact of climate change and the transition to net zero – financial judgement and estimation uncertainty continued

Valuation of property, plant and equipment, and impairment assessment of goodwill continued

The Group assesses the useful economic life of its assets on an annual basis. The assessment performed at 31 March 2025 indicated that certain unabated CCGT assets at Peterhead, Keadby and Medway should have their useful economic life extended from 2030 to 2035 due to the combination of UK Government policy reiterating the importance of flexible generation from gas fired CCGTs in the transition to clean power; the Group's ongoing success in capacity market auctions; and the technical capability of these assets to operate to that date. The change in end of life assumption for these assets has been reflected in the annual impairment process. As a result, all the Group's unabated CCGT assets held at 31 March 2025 are forecast to operate beyond 2030. The process to determine the Group's material climate-related opportunities and risks in the period to 31 March 2025 reduced the perceived risk of mandated early closure for these assets. As a result, the "Accelerated gas closure" transition risk is no longer a material transition risk reported in the Group's TCFD disclosures (see pages 71 to 78).

A significant increase in renewable generation capacity in the Group's core markets in the UK and Ireland could potentially result in an oversupply of renewable electricity at a point in the future, which would lead to a consequential decrease in the power price achievable for the Group's wind generation assets. The Group has not assessed that this constitutes an indicator of impairment at 31 March 2025 as the Group's baseline investment case models assume a centrally approved volume of new build in these markets over the life of the existing assets. The Group's policy is to test the goodwill balances associated with its wind generation portfolio for impairment on an annual basis in line with the requirements of IAS 36 "Impairment of Assets". Through this impairment assessment (see note 15.1), a sensitivity to power price, which may arise in a market with significant new build, was modelled. This scenario indicated that, despite a modelled 10% reduction in power price, there remained significant headroom on the carrying value in the Group's generating wind assets.

Changes to weather patterns resulting from global warming have also been considered as a potential risk to future returns from the Group's wind and hydro assets. Changes to weather patterns could result in calmer, drier weather patterns, which would reduce volumes achievable for the Group's wind and hydro generation assets (although noting that this would likely lead to capacity constraints and hence higher prices). This has not been assessed as an indicator of impairment for operating assets in the UK and Ireland at 31 March 2025 as there is no currently observable evidence to support that scenario directly. The Group has performed a sensitivity to its impairment modelling and has assessed that a 10% reduction in achievable volume would result in significant headroom on the carrying value of the UK and Ireland assets at 31 March 2025 (see note 15.1).

Valuation of decommissioning provisions

The Group holds decommissioning provisions for its Renewable and Thermal generation assets and has retained a 60% share for the decommissioning of its disposed Gas Production business. As noted above, the Group has extended the useful economic life of three of its unabated CCGT assets at 31 March 2025, which are now expected to operate to 2035 and delay the decommissioning of these assets. While the Group has modelled scenarios that estimate the impact of the closure date being brought forward by legislation, the Group assessed that the perceived risk of legislation being enacted by 2030 to mandate the closure of unabated assets has decreased. Similarly, it is expected that fundamental changes to weather patterns, or the impact of new wind generation capacity, will not bring forward the decommissioning of the Group's wind farm portfolio.

The discounted share of the Gas Production provision is £201.6m (2024: £219.7m). At 31 March 2025, the impact of discounting of this retained provision is £80.8m (2024: £68.3m), which is expected to be incurred across the period to 31 March 2040. If the decommissioning activity was accelerated due to changes in legislation, the costs of unwinding the discounting of the provision would be recognised earlier.

Defined benefit scheme assets

The Group holds defined benefit pension scheme assets at 31 March 2025 which could be impacted by climate-related risks. The trustees of the schemes have a long term investment strategy that seeks to reduce investment risk as and when appropriate and takes into consideration the impact of climate-related risk.

Going Concern and viability statement

The implications of near-term climate-related risks have been considered in the Group's Going Concern assessment and viability statement assessment.

4.2 Accounting judgements and estimation uncertainties – changes from prior year

As disclosed in note 1.2 above, the Group's Thermal business unit reviewed the useful economic life of the Peterhead, Keadby and Medway CCGT assets at 31 March 2025 and extended their useful lives to 2035. The change in useful economic life has been applied prospectively and had no impact on the results for the year ended 31 March 2025. The depreciation charge for the year ending 31 March 2026 will be reduced by £14.2m.

As there is no provision for uncertain tax positions within the financial statements in the current or comparative years (2024 and 2023: £nil) and noting the Group's current view on such matters, this estimation uncertainty has been removed from the disclosure of estimates that could result in a significant impact on the financial statements.

There were no other changes to accounting judgements and estimation uncertainties during the year.

4.3 Other areas of estimation uncertainty

Decommissioning costs

The calculation of the Group's decommissioning provisions involves the estimation of quantum and timing of cash flows to settle the obligation. The Group engages independent valuation experts to estimate the cost of decommissioning its Renewable, Thermal and Gas Storage assets every three years based on current technology and prices. The last independent assessment for the majority of the Group's Renewable and Thermal generation assets was performed in the current year to 31 March 2025. The last formal assessment for Gas Storage assets was performed in the year to 31 March 2023. Retained decommissioning costs in relation to the disposed Gas Production business are periodically agreed with the field operators and reflect the latest expected economic production lives of the fields.

The dates for settlement of future decommissioning costs are uncertain, particularly for the disposed Gas Production business where reassessment of gas and liquids reserves and fluctuations in commodity prices can lengthen or shorten the field life.

Further detail on the assumptions applied, including expected decommissioning dates, and movement in decommissioning costs during the year are disclosed at note 20.

5 Segmental information

IFRS 8 requires operating segments to be identified based on the Group's internal reporting to its Chief Operating Decision Maker to assess operating performance and to make decisions on how to allocate capital. The Group's Chief Operating Decision Maker has been identified as the Group Executive Committee. The changes to the Group's segments in the year are explained in note 1.2 and are due to the integration of the activities of SSE Enterprise into SSE's other segments. Comparative information has been re-presented to reflect the change to these segments. The Group's "Corporate unallocated" segment is the Group's residual corporate central costs which are not allocated to individual segments and includes the contribution from its Enerveo business and the Group's joint venture investment in Neos Networks Limited.

The types of products and services from which each reportable segment derives its revenues are:

Business Area	Reported Segments	Description
Continuing operations		
Transmission	SSEN Transmission	The economically regulated high voltage transmission of electricity from generating plant to the distribution network in the North of Scotland. Revenue earned from constructing, maintaining and renovating the transmission network is determined in accordance with the regulatory licence, based on an Ofgem approved revenue model and is recognised as charged to National Grid. The revenue earned from other transmission services such as generator plant connections is recognised in line with delivery of that service over the expected contractual period and at the contracted rate. On 25 November 2022 the Group sold a 25.0% non-controlling interest in this business to the Ontario Teachers' Pension Plan.
Distribution	SSEN Distribution	The economically regulated lower voltage distribution of electricity to customer premises in the North of Scotland and the South of England. Revenue earned from delivery of electricity supply to customers is recognised based on the volume of electricity distributed to those customers and the set customer tariff. The revenue earned from other distribution services such as domestic customer connections is recognised in line with delivery of that service over the expected contractual period and at the contracted rate.
Renewables	SSE Renewables	The generation of electricity from renewable sources, such as onshore and offshore wind farms and run of river and pumped storage hydro assets primarily in the UK and Ireland. This segment also includes the development of wind assets in Japan and The Netherlands; solar assets in Poland; and the development of wind, solar and battery opportunities in the UK and Southern Europe. Revenue from physical generation of electricity in Great Britain is sold to SSE Energy Markets and in Ireland is sold to SSE Airtricity and is recognised as generated, based on the contracted or spot price at the time of delivery. Revenue from national support schemes (such as Renewable Obligation Certificates or the Capacity Market in Great Britain or REFIT in Ireland) may either be recognised in line with electricity being physically generated or over the contractual period, depending on the underlying performance obligation.
Thermal	SSE Thermal	The generation of electricity from thermal plants including CCGTs in the UK and Ireland and the Group's interests in multifuel assets in the UK. Revenue from physical generation of electricity in Great Britain and Ireland is sold to SSE Energy Markets and is recognised as generated, based on the contract or spot price at the time of delivery. Revenue from national support schemes (such as the Capacity Market) and ancillary generation services may either be recognised in line with electricity being physically generated or over the contractual period, depending on the underlying performance obligation. Following the change in segmental reporting noted at note 1.2, SSE Thermal also includes the Slough Heat and Power assets which were previously reported within SSE Enterprise.
	Gas Storage	The operation of gas storage facilities in Great Britain, utilising capacity to optimise trading opportunity associated with the assets. Contribution arising from trading activities is recognised as realised based on the executed trades or withdrawal of gas from caverns.
Energy Customer Solutions	SSE Business Energy	The supply of electricity and gas to business customers in Great Britain and smart buildings activity. Revenue earned from the supply of energy is recognised in line with the volume delivered to the customer, based on actual and estimated volumes, and reflecting the applicable customer tariff after deductions or discounts. Following the change in segmental reporting noted at note 1.2, SSE Business Energy activities also include the provision of low carbon energy solutions to customers; behind-the-meter solar and battery solutions; equity investment in the Source EV joint venture; private electric networks and heat and cooling network activities which were previously reported within SSE Enterprise.
	SSE Airtricity	The supply of electricity, gas and energy related services to residential and business customers in the Republic of Ireland and Northern Ireland. Revenue earned from the supply of energy is recognised in line with the volume delivered to the customer, based on actual and estimated volumes, and reflecting the applicable customer tariff after deductions or discounts. Revenue earned from energy related services may either be recognised over the expected contractual period or following performance of the service, depending on the underlying performance obligation.
SSE Energy Markets	SSE Energy Markets	The provision of a route to market for the Group's Renewable and Thermal generation businesses and commodity procurement for the Group's energy supply businesses in line with the Group's stated hedging policies. Revenue from physical sales of electricity, gas and other commodities produced by SSE is recognised as supplied to either the national settlements body or the customer, based on either the spot price at the time of delivery or trade price where that trade is eligible for "own use" designation. The sale of commodity optimisation trades is presented net in cost of sales alongside purchase commodity optimisation trades. Following the change in segmental reporting noted at note 1.2, SSE Energy Markets also includes the Enhance route-to-market platform which was previously reported within SSE Enterprise.

5 Segmental information continued

As referred to in note 3, the internal measure of profit reported to the Board is "adjusted profit before interest and tax" or "adjusted operating profit" which is arrived at before exceptional items, the impact of financial instruments measured under IFRS 9, share of profits attributable to non-controlling interests, adjustments to the Gas Production decommissioning provision, the impact of depreciation on fair value uplifts and after the removal of taxation and interest on profits from joint ventures and associates.

Analysis of revenue, operating profit, capital expenditure and earnings before interest, taxation, depreciation and amortisation ("EBITDA") by segment is provided on the following pages. Revenue and profit before taxation arise primarily from operations within the UK and Ireland.

5.1 Segmental information disclosure

(i) Revenue by segment

	Reported revenue 2025 £m	Inter-segment revenue(i) 2025 £m	Segment revenue 2025 £m	Reported revenue 2024 £m	(restated*) Inter-segment revenue(i) 2024 £m	Segment revenue 2024 £m
Continuing operations						
SSEN Transmission	**807.0**	**–**	**807.0**	885.2	–	885.2
SSEN Distribution	**1,513.6**	**66.9**	**1,580.5**	1,004.0	45.9	1,049.9
SSE Renewables	**354.9**	**1,243.8**	**1,598.7**	335.5	876.3	1,211.8
Thermal						
SSE Thermal	**633.0**	**1,251.3**	**1,884.3**	599.4	3,143.0	3,742.4
Gas storage	**17.6**	**3,305.4**	**3,323.0**	11.2	2,948.4	2,959.6
Energy Customer Solutions						
SSE Business Energy	**2,692.4**	**76.3**	**2,768.7**	3,246.7	53.0	3,299.7
SSE Airtricity	**1,909.1**	**163.0**	**2,072.1**	2,021.2	170.0	2,191.2
SSE Energy Markets:						
Gross trading	**16,542.4**	**6,074.6**	**22,617.0**	15,074.3	7,951.4	23,025.7
Optimisation trades	**(14,547.0)**	**36.8**	**(14,510.2)**	(12,785.1)	(2,674.2)	(15,459.3)
SSE Energy Markets	**1,995.4**	**6,111.4**	**8,106.8**	2,289.2	5,277.2	7,566.4
Corporate unallocated	**208.9**	**294.5**	**503.4**	64.8	250.9	315.7
Total SSE Group	**10,131.9**	**12,512.6**	**22,644.5**	10,457.2	12,764.7	23,221.9

(i) Significant inter-segment revenue is derived from the sale of power and stored gas from SSE Renewables, SSE Thermal and Gas Storage to SSE Energy Markets; use of system income received by SSEN Distribution from SSE Business Energy; SSE Business Energy provides internal heat and light power supplies to other Group companies; SSE Energy Markets provides power, gas and other commodities to SSE Business Energy and SSE Airtricity; and Corporate unallocated provides corporate and infrastructure services to all segments as well as third parties. All are provided at arm's length.

* The comparative segment revenue has been restated. See note 1.2.

Disaggregation of revenue

Revenue from contracts with customers can be disaggregated by reported segment, by major service lines and by timing of revenue recognition as follows:

	Revenue from contracts with customers									
	Goods or services transferred over time				Goods or services transferred at a point in time					
	Use of electricity networks 2025 £m	Supply of energy and ancillary services 2025 £m	Construction related services 2025 £m	Other contracted services 2025 £m	Physical energy 2025 £m	Gas storage 2025 £m	Other revenue 2025 £m	Total revenue from contracts with customers 2025 £m	Other contract revenue 2025 £m	Total 2025 £m
Continuing operations										
SSEN Transmission	**783.0**	**–**	**–**	**21.4**	**–**	**–**	**2.6**	**807.0**	**–**	**807.0**
SSEN Distribution	**1,423.0**	**–**	**–**	**15.4**	**–**	**–**	**21.7**	**1,460.1**	**53.5**	**1,513.6**
SSE Renewables	**–**	**97.1**	**–**	**121.1**	**134.4**	**–**	**2.3**	**354.9**	**–**	**354.9**
Thermal										
SSE Thermal	**21.1**	**583.3**	**2.8**	**5.6**	**–**	**–**	**11.6**	**624.4**	**8.6**	**633.0**
Gas storage	**–**	**–**	**–**	**–**	**–**	**17.6**	**–**	**17.6**	**–**	**17.6**
Energy Customer Solutions										
SSE Business Energy	**1.8**	**2,663.5**	**0.4**	**–**	**–**	**–**	**15.4**	**2,681.1**	**11.3**	**2,692.4**
SSE Airtricity	**–**	**1,887.1**	**–**	**–**	**–**	**–**	**22.0**	**1,909.1**	**–**	**1,909.1**
SSE Energy Markets	**–**	**–**	**–**	**–**	**1,815.1**	**–**	**180.3**	**1,995.4**	**–**	**1,995.4**
Corporate unallocated	**–**	**–**	**–**	**187.1**	**–**	**–**	**21.8**	**208.9**	**–**	**208.9**
Total SSE Group	**2,228.9**	**5,231.0**	**3.2**	**350.6**	**1,949.5**	**17.6**	**277.7**	**10,058.5**	**73.4**	**10,131.9**

	(restated*)									
	Revenue from contracts with customers									
	Goods or services transferred over time				Goods or services transferred at a point in time					
	Use of electricity networks 2024 £m	Supply of energy and ancillary services 2024 £m	Construction related services 2024 £m	Other contracted services 2024 £m	Physical energy 2024 £m	Gas storage 2024 £m	Other revenue 2024 £m	Total revenue from contracts with customers 2024 £m	Other contract revenue 2024 £m	Total 2024 £m
Continuing operations										
SSEN Transmission	854.1	–	–	18.8	–	–	12.3	885.2	–	885.2
SSEN Distribution	951.2	–	–	14.0	–	–	16.9	982.1	21.9	1,004.0
SSE Renewables	–	58.6	–	104.0	169.5	–	3.4	335.5	–	335.5
Thermal										
SSE Thermal	18.6	531.5	4.7	–	–	–	44.6	599.4	–	599.4
Gas storage	–	–	–	–	–	11.2	–	11.2	–	11.2
Energy Customer Solutions										
SSE Business Energy	–	3,166.1	–	–	–	–	74.8	3,240.9	5.8	3,246.7
SSE Airtricity	–	1,999.2	–	–	–	–	22.0	2,021.2	–	2,021.2
SSE Energy Markets	–	–	–	–	2,136.5	–	152.7	2,289.2	–	2,289.2
Corporate unallocated	–	–	–	–	–	–	64.8	64.8	–	64.8
Total SSE Group	1,823.9	5,755.4	4.7	136.8	2,306.0	11.2	391.5	10,429.5	27.7	10,457.2

* The comparative disaggregation of revenue has been restated. See note 1.2.

5 Segmental information continued

5.1 Segmental information disclosure continued

Disaggregation of revenue continued

Included within trade and other receivables (note 18) is £521.1m (2024: £663.7m) of unbilled energy income. Included within trade and other payables (note 19) is £292.2m (2024: £253.6m) of contract related liabilities. Contract related assets reflect the Group's right to consideration in exchange for goods or services that have transferred to the customer, and contract related liabilities reflect the Group's obligation to transfer future goods or services for which the Group has already received consideration.

The Group has not disclosed information related to the transaction price allocated to remaining performance obligations on the basis that the Group's contracts either have an original expected duration of less than one year, or permit the Group to recognise revenue as invoiced.

Revenue by geographical location on continuing operations is as follows:

	2025 £m	2024 £m
UK	8,490.3	8,797.6
Ireland	1,641.6	1,659.6
	10,131.9	10,457.2

(ii) Operating profit/(loss) by segment

	2025							
	Adjusted operating profit reported to the Board APM £m	Depreciation on fair value uplifts £m	Joint Venture/ Associate share of interest and tax £m	Adjustments to Gas Production decommissioning provision £m	Non-controlling interests £m	Before exceptional items and certain re-measurements £m	Exceptional items and certain re-measurements £m	Total £m
Continuing operations								
SSEN Transmission	322.5	–	–	–	107.5	430.0	–	430.0
SSEN Distribution	736.0	–	–	–	–	736.0	–	736.0
SSE Renewables	1,038.8	(19.7)	(155.3)	–	(0.8)	863.0	(245.4)	617.6
Thermal								
SSE Thermal	248.5	(0.4)	(6.0)	–	–	242.1	(1.3)	240.8
Gas Storage	(37.1)	–	–	–	–	(37.1)	(8.4)	(45.5)
Energy Customer Solutions								
SSE Business Energy	32.7	–	(0.5)	–	–	32.2	–	32.2
SSE Airtricity	159.4	–	(0.4)	–	–	159.0	(2.0)	157.0
SSE Energy Markets	30.0	–	–	–	–	30.0	(72.9)	(42.9)
Corporate								
Corporate unallocated	(89.4)	–	–	17.9	–	(71.5)	(58.2)	(129.7)
Neos Networks	(22.2)	–	(11.1)	–	–	(33.3)	–	(33.3)
Total SSE Group	2,419.2	(20.1)	(173.3)	17.9	106.7	2,350.4	(388.2)	1,962.2

The adjusted operating profit of the Group is reported after removal of the Group's share of interest, fair value movements on operating derivatives, the depreciation charged on fair value uplifts and tax from joint ventures and associates, adjustments to the Gas Production decommissioning provision, operating profit from non-controlling interests and after adjusting for exceptional items and certain re-measurements (note 7).

The Group's share of operating profit from joint ventures and associates has been recognised in the SSE Renewables, SSE Thermal, SSE Business Energy, SSE Airtricity and Corporate segments.

	2024 (restated*)							
	Adjusted operating profit reported to the Board APM £m	Depreciation on fair value uplifts £m	Joint Venture/ Associate share of interest and tax £m	Adjustments to Gas Production decommissioning provision £m	Non-controlling interests £m	Before exceptional items and certain re-measurements £m	Exceptional items and certain re-measurements £m	Total £m
Continuing operations								
SSEN Transmission	419.3	–	–	–	139.8	559.1	–	559.1
SSEN Distribution	272.1	–	–	–	–	272.1	–	272.1
SSE Renewables	833.1	(19.0)	(145.7)	–	(0.7)	667.7	(37.4)	630.3
Thermal								
SSE Thermal	752.5	–	(13.1)	–	–	739.4	(78.6)	660.8
Gas Storage	82.8	–	–	–	–	82.8	(125.0)	(42.2)
Energy Customer Solutions								
SSE Business Energy	55.2	–	–	–	–	55.2	–	55.2
SSE Airtricity	95.0	–	(0.5)	–	–	94.5	–	94.5
SSE Energy Markets	37.5	–	–	–	–	37.5	551.1	588.6
Corporate								
Corporate unallocated	(88.8)	–	–	(9.9)	–	(98.7)	4.6	(94.1)
Neos Networks	(32.3)	–	(10.2)	–	–	(42.5)	(73.6)	(116.1)
Total SSE Group	2,426.4	(19.0)	(169.5)	(9.9)	139.1	2,367.1	241.1	2,608.2

* The comparative operating profit/(loss) by segment information has been restated. See note 1.2.

Notes to the consolidated financial statements continued
for the year ended 31 March 2025

5 Segmental information continued

5.1 Segmental information disclosure continued

(iii) Capital and investment expenditure by segment

	Capital additions to intangible assets 2025 £m	Capital additions to property, plant and equipment 2025 £m	Capital additions to intangible assets 2024 £m (restated*)	Capital additions to property, plant and equipment 2024 £m (restated*)
Continuing operations				
SSEN Transmission	**20.3**	**1,253.8**	12.8	784.7
SSEN Distribution	**35.8**	**743.9**	20.3	636.8
SSE Renewables	**291.3**	**545.8**	355.1	433.8
Thermal				
SSE Thermal	**56.9**	**138.6**	83.5	34.6
Gas Storage	**–**	**0.7**	–	0.8
Energy Customer Solutions				
SSE Business Energy	**28.9**	**33.5**	69.4	22.4
SSE Airtricity	**7.1**	**–**	14.1	0.7
SSE Energy Markets	**585.1**	**–**	723.9	–
Corporate unallocated	**20.1**	**75.2**	35.1	57.6
Total SSE Group	**1,045.5**	**2,791.5**	1,314.2	1,971.4
Increase in prepayments related to capital expenditure	**–**	**254.9**	–	215.1
Tarbert temporary generation additions	**–**	**55.7**	–	93.4
(Increase)/decrease in trade payables related to capital expenditure	**–**	**(122.8)**	2.5	(84.6)
Customer or third party funded additions	**–**	**(163.4)**	–	(152.0)
Lease asset additions	**–**	**(126.7)**	–	(73.0)
Less non-cash items:				
Allowances and certificates	**(335.7)**	**–**	(346.6)	–
Net cash outflow	**709.8**	**2,689.2**	970.1	1,970.3

* The comparatives have been restated. See note 1.2.

Capital additions do not include assets acquired in acquisitions, assets acquired under leases or assets constructed that the Group were reimbursed by way of a government grant. During the prior year construction commenced on a temporary generation plant at the Group's Tarbert site for which the Group received reimbursements totalling £55.7m (2024: £93.4m) from government bodies (presented separately on the cash flow statement). Capital additions to intangible assets includes the cash purchase of emissions allowances and certificates (2025: £268.0m; 2024: £427.9m). These purchases are presented in the cash flow statement within operating activities as they relate to the obligation to surrender the allowances and certificates in line with operating volumes of emissions. Other non-cash additions comprise self-generated renewable obligation certificates.

No segmental analysis of assets requires to be disclosed as this information is not presented to the Board.

At 31 March 2025	Capital additions to intangible assets 2025 £m	Capital additions to property, plant and equipment 2025 £m	Capital Investment relating to Joint Ventures and Associates[i] £m	Allowances and certificates[ii] £m	Customer funded additions[iii] £m	Lease asset additions[iv] £m	Share of non-controlling interests[v] £m	Adjusted Investment and Capital Expenditure 2025 APM £m
Continuing operations								
SSEN Transmission	**20.3**	**1,253.8**	**–**	**–**	**–**	**(2.8)**	**(317.8)**	**953.5**
SSEN Distribution	**35.8**	**743.9**	**–**	**–**	**(143.3)**	**(0.6)**	**–**	**635.8**
SSE Renewables	**291.3**	**545.8**	**227.8**	**–**	**–**	**(60.1)**	**(3.0)**	**1,001.8**
Thermal								
SSE Thermal	**56.9**	**138.6**	**31.3**	**(27.3)**	**(16.2)**	**(0.2)**	**–**	**183.1**
Gas Storage	**–**	**0.7**	**–**	**–**	**–**	**–**	**–**	**0.7**
Energy Customer Solutions								
SSE Business Energy	**28.9**	**33.5**	**15.1**	**–**	**(3.9)**	**(0.5)**	**–**	**73.1**
SSE Airtricity	**7.1**	**–**	**–**	**–**	**–**	**(0.2)**	**–**	**6.9**
SSE Energy Markets	**585.1**	**–**	**–**	**(576.4)**	**–**	**–**	**–**	**8.7**
Corporate unallocated	**20.1**	**75.2**	**13.8**	**–**	**–**	**(62.3)**	**–**	**46.8**
Total SSE Group	**1,045.5**	**2,791.5**	**288.0**	**(603.7)**	**(163.4)**	**(126.7)**	**(320.8)**	**2,910.4**

(i) Represents equity or debt funding provided to joint ventures or associates in relation to capital expenditure projects.
(ii) Allowances and certificates consist of purchased carbon emissions allowances and generated or purchased renewable obligations certificates and are not included in the Group's Capital Expenditure and Investment alternative performance measure.
(iii) Represents removal of additions to electricity and other networks funded by customer or third party contributions.
(iv) Represents removal of additions in respect of right of use assets recognised on the commencement date of a lease arrangement.
(v) Represents the share of capital additions attributable to non-controlling interests.

	(restated*)							
At 31 March 2024	Capital additions to intangible assets 2024 £m	Capital additions to property, plant and equipment 2024 £m	Capital Investment relating to Joint Ventures and Associates[i] £m	Allowances and certificates[ii] £m	Customer funded additions[iii] £m	Lease asset additions[iv] £m	Share of non-controlling interests[v] £m	Adjusted Investment and Capital Expenditure 2024 APM £m
Continuing operations								
SSEN Transmission	12.8	784.7	–	–	–	(2.5)	(199.4)	595.6
SSEN Distribution	20.3	636.8	–	–	(152.0)	–	–	505.1
SSE Renewables	355.1	433.8	324.5	–	–	(16.3)	–	1,097.1
Thermal								
SSE Thermal	83.5	34.6	51.4	(59.7)	–	(0.6)	–	109.2
Gas Storage	–	0.8	–	–	–	–	–	0.8
Energy Customer Solutions								
SSE Business Energy	69.4	22.4	–	–	–	(7.2)	–	84.6
SSE Airtricity	14.1	0.7	–	–	–	–	–	14.8
SSE Energy Markets	723.9	–	–	(714.8)	–	–	–	9.1
Corporate unallocated	35.1	57.6	14.1	–	–	(46.4)	–	60.4
Total SSE Group	1,314.2	1,971.4	390.0	(774.5)	(152.0)	(73.0)	(199.4)	2,476.7

* The comparatives have been restated. See note 1.2.
(i) Represents equity or debt funding provided to joint ventures or associates in relation to capital expenditure projects.
(ii) Allowances and certificates consist of purchased carbon emissions allowances and generated or purchased renewable obligations certificates and are not included in the Group's Capital Expenditure and Investment alternative performance measure.
(iii) Represents removal of additions to electricity and other networks funded by customer or third party contributions.
(iv) Represents removal of additions in respect of right of use assets recognised on the commencement date of a lease arrangement.
(v) Represents the share of capital additions attributable to non-controlling interests.

Notes to the consolidated financial statements continued
for the year ended 31 March 2025

5 Segmental information continued

5.1 Segmental information disclosure continued

(iv) Items included in operating profit/(loss) by segment

	Depreciation/impairment on property, plant and equipment			Amortisation/impairment of intangible assets		
	Before exceptional charges 2025 £m	Exceptional charges/ (credits) 2025 £m	Total 2025 £m	Before exceptional charges 2025 £m	Exceptional charges/ (credits) 2025 £m	Total 2025 £m
Continuing operations						
SSEN Transmission	142.8	–	142.8	8.3	–	8.3
SSEN Distribution	199.3	–	199.3	14.9	–	14.9
SSE Renewables	184.1	–	184.1	18.6	249.5	268.1
Thermal						
SSE Thermal	87.6	–	87.6	2.0	–	2.0
Gas Storage	0.8	–	0.8	–	–	–
Energy Customer Solutions						
SSE Business Energy	2.9	–	2.9	21.8	–	21.8
SSE Airtricity	0.2	0.5	0.7	7.3	–	7.3
SSE Energy Markets	–	–	–	6.8	–	6.8
Corporate unallocated	49.6	6.7	56.3	29.1	24.3	53.4
Total SSE Group	667.3	7.2	674.5	108.8	273.8	382.6

	(restated*)					
	Depreciation/impairment on property, plant and equipment			Amortisation/impairment of intangible assets		
	Before exceptional charges 2024 £m	Exceptional charges/ (credits) 2024 £m	Total 2024 £m	Before exceptional charges 2024 £m	Exceptional charges/ (credits) 2024 £m	Total 2024 £m
Continuing operations						
SSEN Transmission	123.8	–	123.8	6.3	–	6.3
SSEN Distribution	182.8	–	182.8	12.0	–	12.0
SSE Renewables	154.9	–	154.9	17.0	–	17.0
Thermal						
SSE Thermal	106.4	–	106.4	3.4	–	3.4
Gas Storage	12.4	134.1	146.5	–	–	–
Energy Customer Solutions						
SSE Business Energy	2.0	–	2.0	11.5	–	11.5
SSE Airtricity	0.1	–	0.1	5.0	–	5.0
SSE Energy Markets	–	–	–	5.1	–	5.1
Corporate unallocated	45.5	–	45.5	36.7	–	36.7
Total SSE Group	627.9	134.1	762.0	97.0	–	97.0

* The comparatives have been restated. See note 1.2.

(v) Earnings before interest, taxation, depreciation and amortisation ("EBITDA")

	Adjusted operating profit reported to the Board (note 5.1(ii)) APM 2025 £m	Depreciation on fair value uplifts 2025 £m	Depreciation/ Impairment/ amortisation before exceptional charges (note 5.1(iv)) 2025 £m	Joint Venture/ Associate share of depreciation and amortisation (note 16.4) 2025 £m	Release of deferred income (note 6) 2025 £m	Share of non-controlling interest depreciation and amortisation 2025 £m	Adjusted EBITDA APM 2025 £m
Continuing operations							
SSEN Transmission	**322.5**	**–**	**151.1**	**–**	**(2.3)**	**(37.8)**	**433.5**
SSEN Distribution	**736.0**	**–**	**214.2**	**–**	**(10.8)**	**–**	**939.4**
SSE Renewables	**1,038.8**	**(19.7)**	**202.7**	**132.5**	**–**	**–**	**1,354.3**
Thermal							
SSE Thermal	**248.5**	**(0.4)**	**89.6**	**42.9**	**–**	**–**	**380.6**
Gas Storage	**(37.1)**	**–**	**0.8**	**–**	**–**	**–**	**(36.3)**
Energy Customer Solutions							
SSE Business Energy	**32.7**	**–**	**24.7**	**1.3**	**(0.5)**	**–**	**58.2**
SSE Airtricity	**159.4**	**–**	**7.5**	**–**	**–**	**–**	**166.9**
SSE Energy Markets	**30.0**	**–**	**6.8**	**–**	**–**	**–**	**36.8**
Corporate							
Corporate unallocated	**(89.4)**	**–**	**78.7**	**–**	**(0.5)**	**–**	**(11.2)**
Neos Networks	**(22.2)**	**–**	**–**	**49.3**	**–**	**–**	**27.1**
Total SSE Group	**2,419.2**	**(20.1)**	**776.1**	**226.0**	**(14.1)**	**(37.8)**	**3,349.3**

Note that the Group's "Net Debt to EBITDA" metric is derived after removing the proportionate EBITDA from the following debt-financed Beatrice, Seagreen and Dogger Bank A joint ventures. This adjustment is £153.3m (2024: £179.6m) resulting in EBITDA on continuing operations for inclusion in the Debt to EBITDA metric of £3,196.0m (2024: £3,116.0m).

For 31 March 2025 the £776.1m (2024: £724.9m) combined depreciation, impairment and amortisation charges included non-exceptional impairments net of reversals totalling £20.7m (2024: £33.0m).

	(restated*)						
	Adjusted operating profit reported to the Board (note 5.1(ii)) APM 2024 £m	Depreciation on fair value uplifts 2024 £m	Depreciation/ Impairment/ amortisation before exceptional charges (note 5.1(iv)) 2024 £m	Joint Venture/ Associate share of depreciation and amortisation (note 16.4) 2024 £m	Release of deferred income (note 6) 2024 £m	Share of non-controlling interest depreciation and amortisation 2024 £m	Adjusted EBITDA APM 2024 £m
Continuing operations							
SSEN Transmission	419.3	–	130.1	–	(2.0)	(32.5)	514.9
SSEN Distribution	272.1	–	194.8	–	(9.9)	–	457.0
SSE Renewables	833.1	(19.0)	171.9	121.6	–	–	1,107.6
Thermal							
SSE Thermal	752.5	–	109.6	40.6	–	–	902.7
Gas Storage	82.8	–	12.4	–	–	–	95.2
Energy Customer Solutions							
SSE Business Energy	55.2	–	13.7	–	(0.5)	–	68.4
SSE Airtricity	95.0	–	5.1	–	–	–	100.1
SSE Energy Markets	37.5	–	5.1	–	–	–	42.6
Corporate							
Corporate unallocated	(88.8)	–	82.2	–	(0.6)	–	(7.2)
Neos Networks	(32.3)	–	–	46.6	–	–	14.3
Total SSE Group	2,426.4	(19.0)	724.9	208.8	(13.0)	(32.5)	3,295.6

* The comparative adjusted EBITDA by segment information has been restated. See note 1.2.

6 Other operating income and cost

Group operating profit on continuing operations is stated after charging/(crediting) the following items:

	2025 £m	2024 £m
Depreciation of property, plant and equipment on continuing operations(i) (note 14)	**665.6**	628.6
Net exceptional gains on acquisitions and disposals (note 7)	**–**	(4.6)
Exceptional charges (continuing operations) (note 7)	**309.7**	270.9
Research costs	**17.2**	12.7
Lease charges(ii)	**14.3**	11.2
Release of deferred income in relation to capital grants and historic customer contributions	**(14.1)**	(13.0)
Government grant income(iii)	**(59.3)**	(107.7)
Gain on disposals (non-exceptional)(iv)	**(47.9)**	(9.0)

(i) Does not include exceptional impairment charges.
(ii) Represents the expense of leases with a duration of twelve months or less and leases for assets which are deemed "low value" under the principles of IFRS 16. In addition, variable lease payments, which are not included within the measurement of lease liabilities as they do not depend on an index or rate, of £9.8m (2024: £6.2m) were charged in the current year.
(iii) During the year the Group received £59.3m (2024: £107.7m) of income from government funded customer support schemes. All amounts received were passed to the Group's energy customers in the UK and Republic of Ireland. Amounts received have been classed as other operating income in line with the Group's accounting policies for government grants.
(iv) The Group recognised a gain of £47.9m in relation to the sale of land at Ferrybridge £38.8m, the sale of the gas metering business £7.4m and £1.7m (2024: £9.0m) from investments in associates during the current financial year of which £1.7m (2024: £14.9m) was received in cash.

Auditor's remuneration

	2025 £m	2024 £m
Audit of these financial statements	**0.4**	0.4
Amounts receivable by the Company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the Company	**5.3**	5.1
Audit related assurance services	**0.3**	0.3
Other services fees	**0.3**	0.2
	5.9	5.6
Total remuneration paid to auditor	**6.3**	6.0

Audit fees incurred in the current year include scope changes for non-recurring items and overruns of £0.8m (2024: £0.9m) related to the prior year audit. Assurance and other service fees incurred in the year were £0.6m (2024: £0.5m). Audit related assurance services include fees incurred in relation to regulatory accounts and returns required by Ofgem, comfort letters in connection with funding and debt issuance and ESG assurance. A description of the work of the Audit Committee is set out on pages 113 to 119 and includes an explanation of how auditor objectivity and independence is safeguarded when non-audit services are provided by the auditors.

7 Exceptional items and certain re-measurements

	2025 £m	2024 £m
Continuing operations		
Exceptional items (note 7.1)		
Asset impairments and related charges	**(293.6)**	(270.9)
Provisions for restructuring and other liabilities	**(16.1)**	–
Net gains on acquisitions/disposals of businesses and other assets	**0.3**	4.9
Total exceptional items	**(309.4)**	(266.0)
Certain re-measurements		
Movement on operating derivatives (note 24)	**(49.0)**	452.2
Movement in fair value of commodity stocks	**(8.4)**	9.1
Movement on financing derivatives (note 24)	**12.8**	6.1
Share of movement on derivatives in jointly controlled entities (net of tax)	**(21.1)**	46.1
Total certain re-measurements	**(65.7)**	513.5
Exceptional items and certain re-measurements on continuing operations before taxation	**(375.1)**	247.5
Taxation		
Taxation on other exceptional items	**29.7**	23.3
Taxation on certain re-measurements	**4.0**	(115.0)
Total taxation	**33.7**	(91.7)
Total exceptional items and certain re-measurements on continuing operations after taxation	**(341.4)**	155.8

Exceptional items and certain re-measurements are disclosed across the following categories within the income statement:

	2025 £m	2024 £m
Continuing operations		
Cost of sales:		
Movement on operating derivatives (note 24)	**(49.0)**	452.2
Movement in fair value of commodity stocks	**(8.4)**	9.1
	(57.4)	461.3
Operating costs:		
Asset impairments and reversals	**(293.6)**	(270.9)
Exceptional restructuring provisions and charges	**(16.1)**	–
	(309.7)	(270.9)
Operating income:		
Net gains on acquisition/disposals of businesses and other assets	**–**	4.6
	–	4.6
Joint ventures and associates:		
Share of movement on derivatives in jointly controlled entities (net of tax)	**(21.1)**	46.1
	(21.1)	46.1
Operating (loss)/profit	**(388.2)**	241.1
Finance income		
Movement on financing derivatives (note 24)	**12.8**	6.1
Interest income on deferred consideration receipt	**0.3**	0.3
	13.1	6.4
Profit before tax on continuing operations	**(375.1)**	247.5

Notes to the consolidated financial statements continued
for the year ended 31 March 2025

7 Exceptional items and certain re-measurements continued

7.1 Exceptional items

Exceptional items in the year ended 31 March 2025

In the year to 31 March 2025, the Group recognised a net pre-tax exceptional charge of £309.4m (2024: £266.0m), which is primarily due to an exceptional pre-tax impairment charge of £249.5m relating to goodwill and intangible assets in the Group's Southern Europe Renewables development platform, exceptional Group restructuring costs of £46.7m, exceptional costs related to Enerveo Limited of £13.5m and a final exceptional credit of £0.3m relating to the part disposal of Slough Multifuel in the year ended 31 March 2021.

The net exceptional (charges)/credits recognised can be summarised as follows:

	Intangible assets – goodwill (note 13) £m	Intangible assets (note 13) £m	Property, plant and equipment (note 14) £m	Provisions (note 20) £m	Other assets/ (liabilities) £m	**Net (charges) and credits £m**
Southern Europe impairment (i)	(174.7)	(74.8)	–	–	–	**(249.5)**
Restructuring costs (ii)	(20.5)	(3.8)	(7.2)	(6.5)	(8.7)	**(46.7)**
Enerveo (iii)	–	–	–	–	(13.5)	**(13.5)**
Other credits (iv)	–	–	–	–	0.3	**0.3**
Total exceptional items	(195.2)	(78.6)	(7.2)	(6.5)	(21.9)	**(309.4)**

i) Southern Europe goodwill and development assets – impairment charge

The Group has recognised a pre-tax impairment charge of £249.5m against the carrying value of its Southern Europe goodwill and intangible assets, offset by the release of a deferred tax liability of £23.2m. See note 15.1 for further details of the pre-tax impairment and note 10.3 for the release of the deferred tax liability.

ii) Restructuring costs

In the second half of the financial year the Group announced a Group Operating Model and Efficiency Review, which is expected to conclude in the first half of the 2026 financial year. During the current year, costs totalling £46.7m have been recognised, including the impairment of £19.8m of goodwill recognised on acquisition of The Energy Solutions Group Limited (see note 15), the impairment of £11.1m of stranded IT assets and £13.8m of redundancy costs.

iii) Enerveo

On 3 October 2024, SSE entered into an agreement with HUK 144 Limited to dispose of the Infrastructure Solutions ("IS") component of Enerveo for consideration of £1 less costs. At 30 September 2024, the Group assessed that the business met the criteria to be classified as held for sale. During the second half of the financial year, the transaction to dispose of the business failed to complete, resulting in the business no longer being classified as held for sale at 31 March 2025. The Group has recognised an exceptional charge of £13.5m, comprising an impairment of £12.5m to write-down the value of the assets to their recoverable value, and costs of £1.0m related to the transaction with HUK 144 Limited. The current year charges have been treated as exceptional to align the treatment with previously recognised exceptional charges associated with the Enerveo business.

iv) Other credits

At 31 March 2025, the Group recognised a final exceptional credit of £0.3m (2024: £0.3m) relating to the unwind of discounting on deferred consideration recognised on the part disposal of SSE Slough Multifuel Limited in the year ending 31 March 2021. The deferred consideration of £7.0m was paid on commissioning of the plant.

Exceptional items in the year ended 31 March 2024

In the year to 31 March 2024, the Group recognised a net exceptional charge of £266.0m, which was primarily due to an exceptional impairment charge related to the Group's gas storage assets of £134.1m, an exceptional impairment of £63.2m against the carrying value of the Group's investment in Triton Power Holdings Limited and an exceptional impairment charge of £73.6m against the Group's investment in Neos Networks.

i) Triton Power 50% joint venture – investment impairment charge

At 31 March 2024 the Group recognised an impairment charge of £63.2m against the carrying value of the Group's investment in Triton Power Holdings Limited, reflecting future market price assumptions (see note 15.2).

ii) Gas Storage – impairment charge

The Group performed a formal impairment review at 31 March 2024 to reassess the carrying value of its Gas Storage operations at Aldbrough and Atwick (see note 15.2). As a result of the assessment, the Group recognised an exceptional impairment charge of £85.7m to the carrying value of the assets at Aldbrough and £48.4m to the carrying value of the assets at Atwick.

iii) Neos Networks 50% joint venture – investment impairment charge

At 31 March 2024, the Group performed a formal impairment assessment on the carrying value of its 50% joint venture investment, including shareholder loan balances, in Neos Networks Limited. The assessment indicated that the recoverable amount of the investment and shareholder loan receivable balances were impaired by £73.6m. See note 15.2 for further details of this impairment.

iv) Enerveo acquisition

On 22 March 2024, the Group purchased the entire share capital of Enerveo from Aurelius Antelope Limited ("Aurelius") for cash consideration of £1.0m. Completion of the transaction resulted in an exceptional credit of £4.6m being recognised on acquisition during the year ended 31 March 2024.

Taxation

The Group has separately recognised the tax effect of the exceptional items summarised above.

7.2 Certain re-measurements

The Group, through its SSE Energy Markets business, enters into forward commodity purchase (and sales) contracts to meet the future demand requirements of its SSE Business Energy and SSE Airtricity supply businesses, to optimise the value of its SSE Renewables and SSE Thermal power generation assets or to conduct other trading subject to the value at risk limits set out by the Energy Markets Risk Committee. Certain of these contracts (predominantly electricity, gas and other commodity purchase contracts) are determined to be derivative financial instruments under IFRS 9 "Financial Instruments" and as such are required to be recorded at their fair value. Conversely, commodity contracts that are not financial instruments under IFRS 9 (predominantly electricity sales contracts) are accounted for as "own use" contracts and are not recorded at their fair value. Inventory purchased to utilise excess capacity ahead of an optimised sale in the market by the Gas Storage business is held as trading inventory at fair value with changes in value recognised within "certain re-measurements". In addition, the mark-to-market valuation movements on the Group's contracts for difference contracts entered into by SSE Renewables that are not designated as government grants, and which are measured as Level 3 fair value financial instruments, are also included within "certain re-measurements".

Changes in the fair value of those commodity contracts designated as financial instruments and trading inventory are therefore reflected in the income statement. The Group shows the change in the fair value of these forward contracts and trading inventory separately as "certain re-measurements", as the Group does not believe this mark-to-market movement is relevant to the underlying performance of its businesses.

At 31 March 2025, changes in global commodity markets and in SSE's contractual positions have resulted in a net mark-to-market re-measurement on commodity contracts designated as financial instruments, contracts for difference contracts and trading inventory of £57.4m (loss) (2024: £461.3m (gain)). The net IFRS 9 position on operating derivatives at 31 March 2025 is a liability of £3.9m (2024: £51.4m asset).

The mark-to-market loss in the year has resulted in a deferred tax credit of £9.3m (2024: £115.0m charge), which has been reported separately as part of certain re-measurements. In addition, the Group has recognised gains of £12.8m (2024: £6.1m gain) on the re-measurement of certain interest rate and foreign exchange contracts through the income statement, gains on the re-measurement of cash flow hedge accounted contracts of £48.1m (2024: £6.5m gain) in other comprehensive income and a loss on the equity share of the re-measurement of cash flow hedge accounted contracts in joint ventures of £16.7m (2024: £40.9m loss).

The re-measurements arising from IFRS 9 and the associated deferred tax are disclosed separately to aid understanding of the underlying performance of the Group.

8 Directors and employees

8.1 Staff costs

	2025 £m	2024 £m
Staff costs:		
Wages and salaries	**799.6**	722.5
Social security costs	**92.4**	84.8
Share-based remuneration	**24.5**	22.0
Pension costs (note 23)	**118.5**	109.1
	1,035.0	938.4
Less: capitalised as property, plant and equipment or intangible assets	**(299.1)**	(238.0)
	735.9	700.4

8.2 Employee numbers

	2025 Number	2024 Number
Numbers employed at 31 March(i)	**15,824**	14,980
	15,824	14,980

(i) The number of employees at 31 March 2025 includes 944 employees of Enerveo (2024: 1,089).

8 Directors and employees continued

8.2 Employee numbers continued

The average number of people employed by the Group (including Executive Directors) during the year was:

	2025 Number	2024 Number (restated*)
SSEN Transmission	**2,082**	1,568
SSEN Distribution	**4,818**	4,463
SSE Renewables	**2,142**	1,933
Thermal		
SSE Thermal	**718**	634
Gas Storage	**97**	92
Energy Customer Solutions		
SSE Business Energy	**1,997**	1,876
SSE Airtricity	**981**	953
SSE Energy Markets	**349**	317
Corporate Services(i)	**2,443**	1,422
Total SSE Group	**15,627**	13,258

(i) The increase in Corporate Services includes an average of 920 employees of Enerveo, following the Group's purchase of the business on 22 March 2024 (see note 12.1).
* The comparative has been restated to reallocate 974 average employees from SSE Enterprise to SSE Business Energy (926) and SSE Thermal (48).

8.3 Remuneration of key management personnel

The remuneration of the key management personnel of the Group (excluding amounts equivalent to pension value increases as set out in the Remuneration Report), is set out below in aggregate.

	2025			2024		
	Executive committee members £m	**Executive directors £m**	**Total £m**	Executive committee members £m	Executive directors £m	Total £m
Salaries and short-term employee benefits	**5.1**	**5.4**	**10.5**	4.7	4.7	9.4
Social security costs	**1.0**	**1.0**	**2.0**	1.0	0.9	1.9
Post-employment benefits	**0.6**	**0.3**	**0.9**	1.0	0.2	1.2
Share-based benefits	**2.7**	**3.4**	**6.1**	1.8	5.9	7.7
	9.4	**10.1**	**19.5**	8.5	11.7	20.2

Key management personnel are responsible for planning, directing and controlling the operations of the Group and are designated Persons Discharging Management Responsibilities ("PDMRs") in line with the market abuse regulation definition. The Group has three (2024: three) Executive Directors. Executive committee members included in the table above at 31 March 2025 are the Managing Director of SSEN Distribution; the Managing Director of SSEN Transmission; the Managing Director of SSE Renewables; the Managing Director of Thermal; the Director of Corporate Affairs and Strategy; the Director of Human Resources and the Group's General Counsel.

Further information about the remuneration of individual Directors is provided in the audited part of the Remuneration Report.

Information regarding transactions with post-retirement benefit plans is included in note 23.

Non-Executive Directors were paid fees of £1.4m during the current year (2024: £1.3m).

9 Finance income and costs

Recognised in income statement

	2025			2024		
	Before exceptional items and certain re-measurements £m	Exceptional items and certain re-measurements £m	Total £m	Before exceptional items and certain re-measurements £m	Exceptional items and certain re-measurements £m	Total £m
Finance income:						
Interest income from short term deposits	**24.8**	**–**	**24.8**	60.3	–	60.3
Interest on pension scheme assets[i]	**20.7**	**–**	**20.7**	26.2	–	26.2
Other interest receivable:						
Joint ventures and associates	**118.8**	**–**	**118.8**	78.4	–	78.4
Other receivable	**30.5**	**0.3**	**30.8**	33.9	0.3	34.2
	149.3	**0.3**	**149.6**	112.3	0.3	112.6
Total finance income	**194.8**	**0.3**	**195.1**	198.8	0.3	199.1
Finance costs:						
Bank loans and overdrafts	**(61.1)**	**–**	**(61.1)**	(77.4)	–	(77.4)
Other loans and charges	**(309.9)**	**–**	**(309.9)**	(274.3)	–	(274.3)
Notional interest arising on discounted provisions	**(27.2)**	**–**	**(27.2)**	(25.2)	–	(25.2)
Foreign exchange translation of monetary assets and liabilities	**(0.2)**	**–**	**(0.2)**	–	–	–
Lease charges	**(26.9)**	**–**	**(26.9)**	(25.8)	–	(25.8)
Less: interest capitalised[ii]	**106.1**	**–**	**106.1**	84.4	–	84.4
Total finance costs	**(319.2)**	**–**	**(319.2)**	(318.3)	–	(318.3)
Changes in fair value of financing derivative assets or liabilities at fair value through profit or loss	**–**	**12.8**	**12.8**	–	6.1	6.1
Net finance costs	**(124.4)**	**13.1**	**(111.3)**	(119.5)	6.4	(113.1)
Presented as:						
Finance income	**194.8**	**13.1**	**207.9**	198.8	6.4	205.2
Finance costs	**(319.2)**	**–**	**(319.2)**	(318.3)	–	(318.3)
Net finance costs	**(124.4)**	**13.1**	**(111.3)**	(119.5)	6.4	(113.1)

(i) The interest income on net pension assets for the year ended 31 March 2025 of £20.7m (2024: £26.2m) represents the interest earned under IAS 19.
(ii) The capitalisation rate applied in determining the amount of borrowing costs to capitalise in the year was 4.12% (2024: 4.20%).

Adjusted net finance costs are arrived at after the following adjustments:

	2025 £m	2024 £m (restated*)
Net finance costs	**(111.3)**	(113.1)
(add)/less:		
Share of interest from joint ventures and associates	**(164.3)**	(110.7)
Movement on financing derivatives (note 24)	**(12.8)**	(6.1)
Exceptional item	**(0.3)**	(0.3)
Share of net finance cost attributable to non-controlling interests	**7.7**	4.7
Adjusted net finance costs APM	**(281.0)**	(225.5)
Notional interest arising on discounted provisions	**27.2**	25.2
Lease charges	**26.9**	25.8
Hybrid coupon payment (note 22.5(iii))	**(73.7)**	(73.1)
Adjusted net finance costs for interest cover calculations APM	**(300.6)**	(247.6)

Recognised in other comprehensive income

	2025 £m	2024 £m
Gain on effective portion of cash flow hedges (before tax)	**48.1**	6.5
Share of joint venture and associate loss on effective portion of cash flow hedges (before tax)	**(22.3)**	(54.5)
Total recognised in other comprehensive income	**25.8**	(48.0)

* The comparatives have been restated to take account of the removal of the adjustment to exclude net pension scheme interest costs from the Group's APM. See note 1.2 for more detail.

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for the year ended 31 March 2025

10 Taxation

10.1 Analysis of charge recognised in the income statement

	2025			2024		
	Before exceptional items and certain re-measurements £m	**Exceptional items and certain re-measurements £m**	**Total £m**	Before exceptional items and certain re-measurements £m	Exceptional items and certain re-measurements £m	Total £m
Current tax						
Corporation tax	**247.3**	**(5.3)**	**242.0**	366.1	(36.5)	329.6
Adjustments in respect of previous years	**(8.3)**	**–**	**(8.3)**	(25.6)	31.8	6.2
Total current tax	**239.0**	**(5.3)**	**233.7**	340.5	(4.7)	335.8
Deferred tax						
Current year	**293.6**	**(28.4)**	**265.2**	155.3	128.2	283.5
Adjustments in respect of previous years	**19.1**	**–**	**19.1**	23.2	(31.8)	(8.6)
Total deferred tax	**312.7**	**(28.4)**	**284.3**	178.5	96.4	274.9
Total taxation charge/(credit)	**551.7**	**(33.7)**	**518.0**	519.0	91.7	610.7

The Group has separately recognised the tax effect of the exceptional items and certain re-measurements summarised above.

SSE continues to be accredited with the Fair Tax Mark. As a consequence, these financial statements include a number of areas of enhanced disclosure which have been provided in order to develop stakeholder understanding of the tax the Group pays and the reported total taxation charge along with additional commentary on the main reconciling items.

These can be seen at section A2.

The majority of the Group's profits are earned in the UK, with the standard rate of UK corporation tax being 25% for the year to 31 March 2025 (2024: 25%). Profits earned by the Group in the Republic of Ireland are taxable at either 12.5% or 25%, depending upon the nature of the income. While the Group has activities in other jurisdictions outside of the UK and Republic of Ireland, tax paid on those development activities is currently immaterial.

Change in UK corporation tax rates

There are no announced or enacted changes in corporation tax rates in the year ended 31 March 2025.

Finance Act (No.2) 2023 introduced legislation in respect of Multinational Top-up Tax in line with OECD BEPS pillar 2 principles, which came into force in the current year. Similar draft legislation has been introduced in the Republic of Ireland and other EU jurisdictions. The Group has carried out a group wide tax rate review, in line with the BEPS pillar 2 legislation and guidance, and has found there is no impact as tax rates in the countries in which the Group operates exceed 15%. The Group has applied the exemption from recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes as required by the amendments to IAS 12 "International Tax Reform – Pillar Two Model Rules", which were issued in May 2023.

The "adjusted current tax charge" and the "adjusted effective rate of tax", which are presented in order to best represent underlying performance by making similar adjustments to the "adjusted profit before tax" measure, are arrived at after the following adjustments:

	2025 £m	**2025 %**	2024 £m	2024 % (restated*)
Continuing operations				
Group tax charge and effective rate	**518.0**	**29.4**	610.7	25.6
Add: reported deferred tax charge and effective rate	**(284.3)**	**(16.1)**	(274.9)	(11.5)
Reported current tax charge and effective rate	**233.7**	**13.3**	335.8	14.1
Effect of adjusting items		**(2.4)**		1.2
Reported current tax charge and effective rate on adjusted basis	**233.7**	**10.9**	335.8	15.3
add:				
Share of current tax from joint ventures and associates	**45.1**	**2.2**	38.5	1.8
less:				
Current tax credit on exceptional items	**5.3**	**0.2**	4.7	0.2
Share of current tax attributable to non-controlling interests	**12.3**	**0.6**	(8.0)	(0.4)
Adjusted current tax charge and effective rate APM	**296.4**	**13.9**	371.0	16.9

* The comparative adjusted effective rate of tax has been restated. See note 1.2.

Tax charge/(credit) recognised in other comprehensive income:

	2025 £m	2024 £m
Relating to:		
Pension scheme actuarial movements	**13.2**	(38.8)
Cash flow and net investment hedge movements	**11.3**	0.3
	24.5	(38.5)

All tax recognised through other comprehensive income is deferred tax.

See further Taxation disclosures at A2

10.2 Current tax assets and liabilities

	2025 £m	2024 £m
Corporation tax assets	**(29.7)**	(25.8)

10.3 Deferred taxation

The following are the deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting periods:

	Accelerated capital allowances £m	Fair value gains/(losses) on derivatives £m	Retirement benefit obligations £m	Decommissioning liabilities £m	Other £m	Total £m
At 31 March 2023	1,255.1	(90.1)	135.3	–	(1.2)	1,299.1
Charge/(credit) to income statement	145.2	123.3	8.9	–	(2.5)	274.9
Decommissioning asset and liability presentation under IAS 12	79.5	–	–	(79.5)	–	–
Charge/(credit) to other comprehensive (loss)/income	–	0.3	(38.8)	–	–	(38.5)
Charge to equity	–	–	–	–	1.8	1.8
Exchange adjustment	(0.5)	–	–	–	–	(0.5)
At 31 March 2024	1,479.3	33.5	105.4	(79.5)	(1.9)	1,536.8
Charge/(credit) to income statement	**306.0**	**(5.0)**	**8.0**	**3.7**	**(28.4)**	**284.3**
Transfer of deferred tax on derivatives	**–**	**(18.3)**	**–**	**–**	**18.3**	**–**
Decommissioning asset and liability presentation under IAS 12	**–**	**–**	**–**	**(17.2)**	**17.2**	**–**
Charge to other comprehensive income	**–**	**11.3**	**13.2**	**–**	**–**	**24.5**
Charge to equity	**–**	**–**	**–**	**–**	**2.2**	**2.2**
Exchange adjustment	**(3.3)**	**–**	**–**	**–**	**–**	**(3.3)**
At 31 March 2025	**1,782.0**	**21.5**	**126.6**	**(93.0)**	**7.4**	**1,844.5**

Certain deferred tax assets and liabilities have been offset, including the asset balances analysed in the tables above. The following is an analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2025 £m	2024 £m
Deferred tax liabilities	**2,000.9**	1,692.3
Deferred tax assets	**(156.4)**	(155.5)
Net deferred tax liabilities	**1,844.5**	1,536.8

In total there are £20.6m (2024: £9.3m) of unrecognised deferred tax assets. The Group has not recognised a deferred tax asset of £2.9m (2024: £5.6m) on trading losses of £23.7m (2024: £44.5m) in the Republic of Ireland. The Group has not recognised deferred tax assets of £17.7m (2024: £3.5m) in respect of losses of £74.6m (2024: £14.4m) in Spain, France, Italy and Greece. These assets have not been recognised as the Group is uncertain that there will be sufficient future profits against which to utilise the assets. There is no time limit for expiry of the losses or allowances to which they relate.

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries, associates and joint ventures. As the earnings are continually reinvested by the Group, no tax is expected to be payable on them in the foreseeable future. Total unremitted earnings at 31 March 2025 were £971.1m (2024: £827.8m).

Notes to the consolidated financial statements continued
for the year ended 31 March 2025

11 Dividends and earnings per share

11.1 Ordinary dividends

	2025 Total £m	Settled via scrip £m	Pence per ordinary share	2024 Total £m	Settled via scrip £m	Pence per ordinary share
Interim – year ended 31 March 2025	**233.7**	**43.4**	**21.2**	–	–	–
Final – year ended 31 March 2024	**437.3**	**225.5**	**40.0**	–	–	–
Interim – year ended 31 March 2024	**–**	**–**	**–**	218.3	8.8	20.0
Final – year ended 31 March 2023	**–**	**–**	**–**	738.1	29.8	67.7
	671.0	**268.9**		956.4	38.6	

The final dividend of 40.0p per ordinary share declared in respect of the financial year ended 31 March 2024 (2023: 67.7p) was approved at the Annual General Meeting on 18 July 2024 and was paid to shareholders on 19 September 2024. Shareholders were able to elect to receive ordinary shares credited as fully paid instead of the cash dividend under the terms of the Company's scrip dividend scheme.

For dividends paid in relation to the financial year ended 31 March 2022 and in relation to the subsequent years to 31 March 2027, the Group's approved policy is to repurchase shares to reduce the scrip's dilutive effects, if the scrip take-up exceeds 25% of the full year dividend in any given year. The overall scrip dividend take-up for the financial year ended 31 March 2024 was 35.7% (March 2023: 18.0% – no scrip buyback) and therefore under the share buyback programme 3.8m of shares were repurchased during the year ended 31 March 2025 for total consideration of £71.7m (including stamp duty and commission).

An interim dividend of 21.2p per ordinary share (2024: 20.0p) was declared and paid on 27 February 2025 to those shareholders on the SSE plc share register on 3 January 2025. Shareholders were able to elect to receive ordinary shares credited as fully paid instead of the interim cash dividend under the terms of the Company's scrip dividend scheme.

The proposed final dividend of 43.0p per ordinary share based on the number of issued ordinary shares at 31 March 2025 is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. Based on shares in issue at 31 March 2025, this would equate to a final dividend of £477.8m.

11.2 Basic and adjusted earnings per share

The calculation of basic earnings per ordinary share at 31 March 2025 is based on the net profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding during the year ended 31 March 2025.

Adjusted earnings per share has been calculated by excluding the charge for deferred tax, retained Gas Production decommissioning costs, the depreciation charged on fair value uplifts, the share of profit attributable to non-controlling interests and the impact of exceptional items and certain re-measurements (note 7).

	2025 Earnings £m	2025 Earnings per share pence	2024 Earnings £m (restated*)	2024 Earnings per share pence (restated*)
Continuing operations				
Basic earnings attributable to ordinary shareholders on continuing operations used to calculate adjusted EPS	**1,189.4**	**108.2**	1,710.5	156.7
Exceptional items and certain re-measurements (note 7)	**341.4**	**31.1**	(155.8)	(14.3)
Basic excluding exceptional items and certain re-measurements	**1,530.8**	**139.3**	1,554.7	142.4
Adjusted for:				
Decommissioning Gas Production	**(17.9)**	**(1.6)**	9.9	0.9
Depreciation charge on fair value uplifts	**20.1**	**1.8**	19.0	1.7
Deferred tax	**312.7**	**28.4**	178.5	16.3
Deferred tax from share of joint ventures and associates	**(36.1)**	**(3.2)**	20.3	1.9
Deferred tax on non-controlling interest	**(41.5)**	**(3.8)**	(25.6)	(2.3)
Adjusted APM	**1,768.1**	**160.9**	1,756.8	160.9

Reported earnings per share

	2025 Earnings £m	2025 Earnings per share pence	2024 Earnings £m	2024 Earnings per share pence
Basic	**1,189.4**	**108.2**	1,710.5	156.7
Dilutive effect of outstanding share options	**–**	**(0.1)**	–	(0.2)
Diluted	**1,189.4**	**108.1**	1,710.5	156.5

The weighted average number of shares used in each calculation is as follows:

	31 March 2025 Number of shares (millions)	31 March 2024 Number of shares (millions)
For basic and adjusted earnings per share	**1,099.2**	1,091.8
Effect of exercise of share options	**1.1**	1.5
For diluted earnings per share	**1,100.3**	1,093.3

11.3 Dividend cover

The Group's adjusted dividend cover metric is calculated by comparing adjusted earnings per share on continuing operations to the projected dividend per share payable to ordinary shareholders.

	2025 Earnings per share (pence)	2025 Dividend per share (pence)	2025 Dividend cover (times)	2024 Earnings per share (pence)	2024 Dividend per share (pence)	2024 Dividend cover (times)
Reported earnings per share (continuing operations)	**108.2**	**64.2**	**1.69**	156.7	60.0	2.61
Adjusted earnings per share (continuing operations) APM (restated*)	**160.9**	**64.2**	**2.51**	160.9	60.0	2.68

* The comparative adjusted earnings per share and dividend cover (times) have been restated. See note 1.2.

12 Acquisitions and disposals

12.1 Acquisitions

Current year acquisitions

There have been no significant acquisitions in the current year.

Other asset acquisitions

During the year ended 31 March 2025, the Group made other smaller asset acquisitions (of special purpose vehicles as opposed to businesses) for cash consideration of £17.1m.

Prior year acquisition

Enerveo acquisition

On 22 March 2024, the Group completed the acquisition of Enerveo Limited ('Enerveo') from Aurelius Antelope Limited ('Aurelius') for cash consideration of £1.0m. Enerveo (formerly named SSE Contracting Limited) is a former subsidiary of the Group that was disposed to Aurelius on 30 June 2021. The reacquisition of Enerveo resulted in a net gain of £4.6m, which was recognised as an exceptional item.

12.2 Disposals

(i) Significant disposals

Current and prior year disposals

There have been no significant disposals in the current and prior year.

Notes to the consolidated financial statements continued
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13 Intangible assets

	Goodwill £m	Allowances and certificates £m	Development assets £m	Software and other intangible assets £m	Total £m
Cost:					
At 31 March 2023	1,150.5	682.4	681.6	1,199.5	3,714.0
Additions	–	774.5	369.7	170.0	1,314.2
Transfer (to)/from property plant and equipment (note 14)	–	–	(50.7)	1.7	(49.0)
Disposals/utilised	–	(474.3)	(3.9)	(1.1)	(479.3)
Exchange adjustments	(19.9)	(0.4)	(6.1)	–	(26.4)
At 31 March 2024	1,130.6	982.2	990.6	1,370.1	4,473.5
Additions	**–**	**603.7**	**307.1**	**134.7**	**1,045.5**
Transfer (to)/from property plant and equipment (note 14)	**–**	**–**	**(170.0)**	**3.1**	**(166.9)**
Disposals/utilised(iii)	**(0.5)**	**(965.6)**	**(22.1)**	**(25.6)**	**(1,013.8)**
Exchange adjustments	**(13.9)**	**(0.1)**	**(8.8)**	**2.2**	**(20.6)**
At 31 March 2025	**1,116.2**	**620.2**	**1,096.8**	**1,484.5**	**4,317.7**
Aggregate amortisation and impairment:					
At 31 March 2023	(192.9)	(227.5)	(157.5)	(720.9)	(1,298.8)
Charge for the year	–	–	–	(63.3)	(63.3)
Transfer to property plant and equipment (note 14)	–	–	1.5	–	1.5
Disposals/utilised	–	–	–	0.1	0.1
Non-exceptional impairment charge(i)	–	–	(15.4)	(18.3)	(33.7)
At 31 March 2024	(192.9)	(227.5)	(171.4)	(802.4)	(1,394.2)
Charge for the year	**–**	**–**	**–**	**(89.8)**	**(89.8)**
Disposals/utilised(iii)	**–**	**–**	**–**	**21.3**	**21.3**
Exceptional impairment charge(ii)	**(195.2)**	**–**	**(74.8)**	**(3.8)**	**(273.8)**
Non-exceptional impairment charge(i)	**–**	**–**	**(10.9)**	**(8.1)**	**(19.0)**
Exchange adjustments	**(0.4)**	**–**	**(0.3)**	**1.7**	**1.0**
At 31 March 2025	**(388.5)**	**(227.5)**	**(257.4)**	**(881.1)**	**(1,754.5)**
Carrying amount:					
At 31 March 2025	**727.7**	**392.7**	**839.4**	**603.4**	**2,563.2**
At 31 March 2024	937.7	754.7	819.2	567.7	3,079.3
At 1 April 2023	957.6	454.9	524.1	478.6	2,415.2

(i) The non-exceptional impairments in both years relate to assets where future development became uncertain or untenable in the year. The impairment of these items does not meet the Group's definition of an exceptional item, therefore they are included in the adjusted and reported results of the Group.
(ii) The exceptional impairment charge recognised during the current year primarily relates to the impairment of Southern Europe goodwill (£174.7m) and development assets (£74.8m), and goodwill relating to The Energy Solutions Group Limited (£19.8m). Further commentary of the impairment charge is included in note 15.
(iii) Other intangible asset disposals in the current year primarily relate to the derecognition of Electric Vehicle charging hub development assets on the formation of the 50:50 Source EV joint venture with TotalEnergies Marketing UK Limited (see note 16).

Intangible assets have been analysed as current and non-current as follows:

	2025 £m	2024 £m
Current	**392.7**	754.7
Non-current	**2,170.5**	2,324.6
	2,563.2	3,079.3

(i) Goodwill

At inception, goodwill arising from business combinations is allocated to cash-generating units (CGUs) or groups of CGUs for impairment testing purposes. Certain goodwill valuations have changed in the current year following retranslation. Commentary on the impairment testing of the related CGUs, with the exception of two historic balances totalling £8.2m, is included in note 15.

A summary of the goodwill allocated to CGUs and the Group's operating segments is presented below:

CGU group	Operating Segment	2025 £m	2024 £m
Great Britain and Ireland wind farms	SSE Renewables	**287.0**	288.8
SSE Pacifico[1]	SSE Renewables	**187.3**	191.5
SSE Southern Europe[2]	SSE Renewables	**233.3**	416.8
Energy Solutions[3]	SSE Business Energy	**11.9**	32.4
Ireland Supply[4]	SSE Airtricity	**8.2**	8.2
		727.7	937.7

1 Relates to the acquisition on 29 October 2021 of an 80% equity interest in the Group's Japanese offshore wind development platform.
2 The SSE Southern Europe CGU relates to the acquisition on 1 September 2022 of the Group's renewable platform in Spain, France, Greece and Italy. The Group has assessed that the four CGUs support the carrying value of the goodwill, which has been impaired by £174.7m (2024: £nil) in the current year (note 15).
3 Energy Solutions is the remaining goodwill that arose on the acquisition of The Energy Solutions Group Limited of £11.9m (2024: £31.7m), which was impaired by £19.8m in the current year (see note 15.1). An impairment of £0.7m was recognised in relation to SSE Airtricity Energy Services (NI) Limited, following the announcement to close the business.
4 The value associated with the Ireland supply goodwill represents the difference between the fair value attributed to the Northern Ireland based Phoenix Energy business acquired in 2012 and the book value of those assets. No impairment has been recognised during the year on this balance.

(ii) Allowances and certificates

Allowances and certificates consist of purchased carbon emissions allowances and generated or purchased renewable obligations certificates ("ROCs"). These allowances and certificates will be utilised in settlement of environmental obligations incurred by the Group's SSE Thermal and SSE Business Energy supply business and are therefore distinct from allowances and certificates held in excess of the Group's environmental obligations which are recorded within inventories.

(iii) Development assets

Development costs primarily relate to the design, construction and testing of Thermal, Renewable and Solar and Battery assets, which the Group believes will generate probable future economic benefits. Costs capitalised as development intangibles include options over land rights, planning application costs, environmental impact studies and other costs incurred in bringing wind farms and other development projects to the consented stage. These may be costs incurred directly or at a cost as part of the fair value attribution on acquisition.

At the point the development reaches the consent stage and is approved for construction, the carrying value is transferred to property, plant and equipment (note 14). At the point a project is no longer expected to reach the consented stage, the carrying amount of the project is impaired. During the year the Group has recognised exceptional impairment charges of £74.8m in relation to development assets in SSE Southern Europe (note 15) and £10.9m of non-exceptional impairment charges relating to projects that are not expected to reach the construction phase.

(iv) Software assets

Software assets include application software license fees, software development work, software upgrades and purchased PC software packages. The Group also has a number of contracts for Software as a Service ("SaaS") and Platform as a Service ("PaaS") Cloud Computing Arrangements which permit access to vendor-hosted software and platform services over the term of the arrangement. Where the Group does not control the underlying assets in these arrangements, costs are expensed as incurred. The Group also incurs implementation costs in respect of these contracts. Implementation costs are capitalised as intangible assets where costs meet the definition and recognition criteria of an intangible asset under IAS 38 by being separable and controlled by the Group.

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14 Property, plant and equipment

	Thermal power generation assets[i] £m	Renewable power generation assets[i] £m	Distribution network assets £m	Transmission network assets £m	Land and buildings £m	Assets under construction £m	Other assets £m	Total £m
Cost:								
At 31 March 2023	3,671.5	4,652.7	9,997.7	5,642.1	591.4	768.7	1,347.3	26,671.4
Additions	–	–	91.3	1.0	34.3	1,803.1	41.7	1,971.4
Adjustment to decommissioning asset	(5.5)	1.7	–	–	–	–	(2.4)	(6.2)
Transfer from intangible assets (note 13)[ii]	–	–	–	–	–	49.0	–	49.0
Transfer from assets under construction	2.9	44.7	489.9	773.9	5.2	(1,352.8)	36.2	–
Transfer between categories	(19.1)	–	–	–	–	–	19.1	–
Disposals	–	–	(15.0)	–	(2.6)	(0.8)	(13.3)	(31.7)
Exchange rate adjustments	(15.9)	(26.0)	–	–	0.8	(3.3)	(0.3)	(44.7)
At 31 March 2024	3,633.9	4,673.1	10,563.9	6,417.0	629.1	1,263.9	1,428.3	28,609.2
Additions	**33.9**	**20.5**	**103.3**	**1.7**	**77.2**	**2,503.1**	**51.8**	**2,791.5**
Adjustment to decommissioning asset	**(12.8)**	**(2.5)**	**–**	**–**	**–**	**–**	**(3.6)**	**(18.9)**
Transfer from intangible assets (note 13)[ii]	**–**	**–**	**–**	**–**	**–**	**170.0**	**(3.1)**	**166.9**
Transfer from assets under construction	**(15.8)**	**103.2**	**579.9**	**1,243.7**	**16.6**	**(1,991.3)**	**63.7**	**–**
Disposals[iv]	**(0.1)**	**–**	**(2.0)**	**–**	**(10.6)**	**(17.7)**	**(10.4)**	**(40.8)**
Exchange rate adjustments	**(10.5)**	**(18.4)**	**–**	**–**	**(1.6)**	**(6.3)**	**(0.3)**	**(37.1)**
At 31 March 2025	**3,628.6**	**4,775.9**	**11,245.1**	**7,662.4**	**710.7**	**1,921.7**	**1,526.4**	**31,470.8**
Depreciation:								
At 31 March 2023	(2,497.7)	(2,095.3)	(4,537.7)	(869.5)	(237.1)	(9.4)	(1,028.8)	(11,275.5)
Charge for the year	(103.5)	(150.9)	(173.8)	(116.0)	(17.2)	–	(67.2)	(628.6)
Transfer between categories	1.2	–	–	–	–	–	(1.2)	–
Exceptional impairment charges[iii]	–	–	–	–	–	–	(134.1)	(134.1)
Non-exceptional impairment reversals/(charges)	–	4.8	–	–	(1.1)	–	(3.0)	0.7
Transfers to intangible assets	–	–	–	–	–	(1.5)	–	(1.5)
Disposals	–	–	6.7	–	1.0	–	12.5	20.2
Exchange rate adjustments	8.1	12.0	–	–	0.5	–	0.5	21.1
At 31 March 2024	(2,591.9)	(2,229.4)	(4,704.8)	(985.5)	(253.9)	(10.9)	(1,221.3)	(11,997.7)
Charge for the year	**(85.0)**	**(175.6)**	**(188.3)**	**(135.3)**	**(18.0)**	**–**	**(63.4)**	**(665.6)**
Transfer between categories	**–**	**–**	**–**	**–**	**(0.2)**	**–**	**0.2**	**–**
Exceptional impairment charges[iii]	**–**	**–**	**–**	**–**	**–**	**–**	**(7.2)**	**(7.2)**
Non-exceptional impairment charges	**–**	**–**	**–**	**–**	**(0.1)**	**(0.4)**	**(1.2)**	**(1.7)**
Disposals[iv]	**–**	**–**	**0.2**	**–**	**0.5**	**–**	**9.0**	**9.7**
Exchange rate adjustments	**3.9**	**10.6**	**0.1**	**–**	**(0.2)**	**–**	**1.4**	**15.8**
At 31 March 2025	**(2,673.0)**	**(2,394.4)**	**(4,892.8)**	**(1,120.8)**	**(271.9)**	**(11.3)**	**(1,282.5)**	**(12,646.7)**
Net book value								
At 31 March 2025	**955.6**	**2,381.5**	**6,352.3**	**6,541.6**	**438.8**	**1,910.4**	**243.9**	**18,824.1**
At 31 March 2024	1,042.0	2,443.7	5,859.1	5,431.5	375.2	1,253.0	207.0	16,611.5
At 1 April 2023	1,173.8	2,557.4	5,460.0	4,772.6	354.3	759.3	318.5	15,395.9

(i) Thermal and Renewable power generation assets includes plant and machinery and related land and buildings and decommissioning costs with a net book value of £137.3m and £58.7m (2024: £119.0m and £68.1m) respectively. Additionally, Other assets includes £49.5m in relation to decommissioning costs for Gas Storage assets (2024: £55.3m).
(ii) Represents the carrying value of development assets transferred from intangible assets (note 13) which have reached the consent stage and have been approved for construction and the reclassification of certain software assets to intangible assets.
(iii) Exceptional impairment charges of £7.2m relate primarily to the Group's restructuring of SSE Enterprise (see note 7) (2024: exceptional impairment charge of £134.1m (relating to the Group's gas storage operations at Aldbrough and Atwick)).
(iv) Disposals in the current year primarily relate to the derecognition of assets associated with the formation of the 50:50 Source EV joint venture with TotalEnergies Marketing UK Limited see note 16.

Included within property, plant and equipment are the following right of use assets for leased assets:

	Thermal power generation assets £m	Land and buildings £m	Distribution network assets £m	Other assets £m	Total £m
Cost					
At 31 March 2023	369.6	247.5	12.2	115.9	745.2
Additions	–	32.4	–	40.6	73.0
Disposals	–	(1.8)	(6.7)	(10.6)	(19.1)
Exchange rate adjustments	–	4.3	–	–	4.3
At 31 March 2024	369.6	282.4	5.5	145.9	803.4
Additions	**–**	**76.8**	**–**	**49.9**	**126.7**
Disposals	**–**	**(11.6)**	**–**	**(9.2)**	**(20.8)**
Exchange rate adjustments	**–**	**(0.8)**	**–**	**(0.5)**	**(1.3)**
At 31 March 2025	**369.6**	**346.8**	**5.5**	**186.1**	**908.0**
Depreciation					
At 31 March 2023	(252.1)	(43.2)	(12.2)	(43.9)	(351.4)
Charge for the year	(11.9)	(11.3)	–	(23.8)	(47.0)
Disposals	–	0.5	6.7	10.0	17.2
At 31 March 2024	(264.0)	(54.0)	(5.5)	(57.7)	(381.2)
Charge for the year	**(18.4)**	**(16.1)**	**–**	**(31.2)**	**(65.7)**
Disposals	**–**	**0.8**	**–**	**7.1**	**7.9**
At 31 March 2025	**(282.4)**	**(69.3)**	**(5.5)**	**(81.8)**	**(439.0)**
Net book value					
At 31 March 2025	**87.2**	**277.5**	**–**	**104.3**	**469.0**
At 31 March 2024	105.6	228.4	–	88.2	422.2
At 1 April 2023	117.5	204.3	–	72.0	393.8

15 Impairment testing

Goodwill and intangible assets that are not amortised are reviewed at least annually for impairment. Property, plant and equipment, investments and other intangibles are assessed annually for triggers of impairment (or impairment reversal).

The Group's accounting policies and methodologies for impairment testing are described at Accompanying Information sections A1.2.

The key operating and valuation assumptions, specific considerations and outcome of tests for all impairment reviews are noted in the following sections. The discount rates used are pre-tax real, except where noted, and reflect specific risks attributable to the relevant assets subject to impairment review. The recoverable amounts derived from the value in use ('VIU') or fair value less costs to sell ('FVLCS') calculations are compared to the carrying amount of each asset or cash generating unit ('CGU') to determine whether an impairment charge requires to be recognised. The reviews carried out for the 2025 financial statements were carried out in the fourth quarter of the year, which is consistent with previous reviews. Note that the actual outcomes may differ from the assumptions included in the assessments at the balance sheet date.

15.1 Goodwill impairment reviews – CGUs testing

The Group has three goodwill balances within its SSE Renewables business (GB and Ireland, SSE Southern Europe and SSE Pacifico) that are subject to annual goodwill impairment reviews. In addition, a legacy goodwill balance within the SSE Business Energy segment is also subject to annual impairment review. The recoverable amounts of the CGUs supporting the goodwill balances are determined by reference to either VIU or FVLCS calculations as noted below. The VIU calculations use, as a starting point, pre-tax cash flow projections based on the Group's ten-year Corporate Model as approved by the Board. The Group's Corporate Model is based both on past experience and reflects the Group's forward view of markets, prices, risks and its strategic objectives. Commodity prices used are based on observable market data and, where this is not available, on internal estimates. The FVLCS methodology also uses a present value technique, unless there is a quoted price in an active market for that asset. The methodology is based on the post-tax cash flows arising from the specific assets, underlying assets or CGUs, and discounted using a post-tax discount rate determined in the same manner as the rates used in the VIU calculations, adjusted for the relevant taxation rate.

Notes to the consolidated financial statements continued
for the year ended 31 March 2025

15 Impairment testing continued

15.1 Goodwill impairment reviews – CGUs testing continued

Assets/CGUs	Cash flow period assumption	Operating and other valuation assumptions	Commentary and impairment conclusions
SSE Southern Europe	Period to end of life of portfolio assets	**Modelling methodology and assumptions** Due to the early stage of development of many of the projects in the Southern Europe portfolio, a FVLCS assessment is used to test the carrying value of £408.8m of goodwill (2024: £416.8m) and £192.7m of tangible generation and intangible development assets (2024: £120.5m). The FVLCS assessment is based on the discounted post-tax cash flows, which are presented on a similar basis to the acquisition model updated to reflect changes to specific project circumstances and wider market developments. During the second half of the financial year, the Group has experienced challenges in obtaining the required environmental permits across several pipeline projects in Spain. This led to specific impairments of intangible assets across a small number of projects. These specific project impairments, coupled with the challenging market landscape are determined to be an indicator of impairment on the Southern Europe CGU. The FVLCS assessment is therefore based on a lower expected build out capacity than previous estimates. The Southern Europe CGU model includes cashflows for early-stage development assets, being 51 individual wind farm and co-located solar projects across Spain, France, Italy and Greece that have been assigned a probability of success. While there are other projects in the portfolio, these have not been assigned a probability of success and have been excluded from the valuation. Cashflows for the CGU are based on the expected average annual generation output for each project, valued using forward power price projections. These factors are subject to management review on an annual basis. The prices applied to projected outputs are based on observable market information during the period, or management projections for available contracts in the PPA market. Assumptions have also been made on the Spanish, French, Italian and Greek governments' support for the development of wind projects and expected governmental support under CFD subsidies. Cash outflows are based on planned and expected maintenance profiles and other capital or replacement costs. The cash flow projections are based on European power prices between €35 – €173 per MWh (2024: €38 – €141 per MWh) and have been discounted applying a post-tax nominal discount rate between 7.1% and 8.0% (2024: pre-tax real discount rate between 6.2% and 6.7%) based on technology and market risks.	**Impairment conclusion** The recoverable value of the Southern Europe wind farm CGU has been calculated at £351.2m (2024: £572.8m), which is less than the carrying value of the goodwill and intangible development assets. This has resulted in a pre-tax exceptional impairment of £249.5m (2024: £nil). **Sensitivity analysis** The principal assumptions impacting the valuation model of the Southern Europe wind farm CGU are generation volume; development probability of success; discount rate; and power price. While cash flow projections are subject to inherent uncertainty, a 10% reduction in greenfield generation volume would result in further impairment of £79.6m (2024: headroom of £3.4m), while a 5% increase in forecast greenfield generation volume would reduce the impairment charge by £40.2m. A 10% decrease in the probability of success attributed to the development projects would result in a further impairment of £115.8m (2024: impairment of £2.6m), while a 5% increase in project probabilities would reduce the impairment by £51.4m. An increase of 0.5% in the respective post-tax nominal discount rates (Spain: 7.3% France: 7.1%, Italy: 7.8% and Greece: 7.9%) results in a further impairment of £88.0m (2024: impairment of £100.0m), while a 0.3% decrease in the respective post-tax nominal discount rates reduces the impairment charge by £60.0m. The Group has assessed that many of the projects in Spain, Italy and France will obtain a revenue support contract. If this assumption were changed and the projects were developed on a merchant basis, the price assumptions applied in the model would increase, although would likely be offset by a compensatory increase in the discount rate. If the projects are developed on a merchant basis and power prices decreased by 5%, the impairment charge would increase by £132.7m, whereas a 5% increase in power prices on the same basis would reduce the impairment charge by £150.8m.

Assets/CGUs	Cash flow period assumption	Operating and other valuation assumptions	Commentary and impairment conclusions
SSE Pacifico	Period to end of life of portfolio assets	**Modelling methodology and assumptions** A FVLCS assessment (2024: VIU method) was used to test the carrying value of £187.3m of goodwill (2024: £191.5m) and £39.7m of intangible development assets (2024: £26.9m) relating to SSE Pacifico. The projects in SSE Pacifico remain early stage, therefore the assessment was based on the discounted post-tax cash flows prepared on comparable basis to the acquisition model, updated to reflect changes to specific project circumstances and wider market developments since acquisition. Cash inflows for the CGU model are based on the Group's latest projections for expected average annual generation output based on technical assessment and are valued based on the Group's internal projections of fixed price contract prices. The projections are dependent on the Japanese government's continued support for the development of offshore wind projects. Cash outflows are based on forecast asset costs, planned and expected maintenance profiles and other capital or replacement costs. For the purposes of the impairment test, the valuation model includes cashflows for three early-stage offshore wind projects (2024: three) out of a total of 11 acquired by the Group. The cash flow projections are based on Japanese power prices, per foundation type, between ¥21.3- ¥32.0 per kWh (2024: ¥20 – ¥30 per kWh) and have been discounted applying a post-tax nominal discount rate of 10.5% (2024: pre-tax real discount rate of 9.7%) based on technology and market risks.	**Impairment conclusion** While the assessed recoverable value of £250.6m (2024: £290.0m) exceeds the carrying value at 31 March 2025, the early stage of the development portfolio means that the model is sensitive to changes in key assumptions. The Group's base case model, reflecting the Group's best estimate of observable inputs to the model, indicates headroom on the carrying value of the asset of £23.6m. Therefore, no impairment has been recognised at 31 March 2025. **Sensitivity analysis** As noted above, the FVLCS model is sensitive to changes in key input assumptions. The principal assumptions impacting the valuation model of the SSE Pacifico CGU are fixed-contract price; generation volumes; debt to equity funding ratio; and discount rate. A 5% decrease in fixed-contract price revenue results in an impairment of £122.9m, while a 1% reduction to the generation capacity factor results in an impairment of £64.9m. A one-year delay to the project schedule for all projects results in an impairment of £41.3m, while a 0.5% increase to financing costs results in an impairment of £68.0m. A decrease from 80% to 70% in the debt-to-equity funding ratio results in an impairment of £56.9m, while a 0.5% increase to the discount rate assumption decreases the headroom to £4.4m. Due to the low level of headroom and the sensitivity of the model to changes in key assumption, breakeven assumption changes have been calculated, which would reduce the headroom to nil. A decrease in the fixed price assumption of 0.8%; a decrease in assumed generation volumes of 0.3%; a 0.1% increase to interest rate; a 6.1% decrease in the ratio to 73.9%; a 0.6% increase to the discount rate would each result in the headroom being reduced to nil.

Notes to the consolidated financial statements continued
for the year ended 31 March 2025

15 Impairment testing continued

15.1 Goodwill impairment reviews – CGUs testing continued

Assets/CGUs	Cash flow period assumption	Operating and other valuation assumptions	Commentary and impairment conclusions
Great Britain (GB) and Ireland wind farm CGUs	Period to end of life of portfolio assets	**Modelling methodology and assumptions** A VIU assessment is used to test the carrying value of £287.0m (2024: £288.8m) of goodwill related to the Group's GB and Ireland wind farm CGUs. The assessment is based on the discounted pre-tax cash flows expected to be generated by the specific wind farm assets included in the CGU across the remaining useful lives of those assets. The GB and Ireland CGU includes cashflows for operational assets only, being over 50 individual wind farms across Great Britain and Ireland, given the risk and uncertainty associated with projects in the development stage. Significant developments at Aberarder, Yellow River, Strathy South and Berwick Bank are currently under development or construction and continue to be excluded from the analysis. Cash inflows for the CGUs are based on the expected average annual generation output based on technical assessment and past experience, valued based on forward power prices. These factors are subject to management review on an annual basis. The prices applied to projected outputs are based either on observable market information during that period, which is deemed to be 3 years, or on internal estimations beyond the observable market period (a Level 3 basis as defined by IFRS 13 "Fair Value Measurement"). The projections are also dependent on the UK and Irish governments' continuing support for existing qualifying wind assets through CFD subsidies and ROCs or REFIT. Cash outflows are based on planned and expected maintenance profiles and other capital or replacement costs. The cash flow projections are based on UK and Irish power prices between £52 – £98 per MWh (2024: £63 – £117 per MWh) and have been discounted applying a pre-tax real discount rate between 7.5% for GB and 5.3% for Ireland (2024: between 7.2% for GB and 5.2% for Ireland) based on technology and market risks.	**Impairment conclusion** The recoverable amount of the GB and Ireland CGUs at 31 March 2025 is significantly in excess of the carrying value of the goodwill and tangible and intangible assets attributed to the CGUs, therefore no impairment has been recognised. **Sensitivity analysis** The principal assumptions impacting the valuation model of the GB and Ireland CGU are discount rate, generation volume and electricity price. While cash flow projections are subject to inherent uncertainty, a 10% power price decrease and a 10% decrease in projected generation volumes were modelled, both of which indicated significant headroom on the carrying value of the assets. A 0.5% increase in the pre-tax real discount rate to 8.0% for GB and 5.8% for Ireland, also indicated significant headroom on the carrying value of the assets. **Climate-related sensitivity analysis** A significant increase in renewable generation capacity in the Group's core markets could result in an oversupply of renewable electricity at a point in the future, which would lead to a consequential decrease in the power price achievable for the Group's GB and Ireland wind generation assets. A downside power price sensitivity, which may arise in a market with significant new build wind was modelled. This scenario indicated that, despite a modelled 10% reduction in forecast wind power price, there remained significant headroom on the carrying value in the Group's GB and Ireland wind generation assets. Climate change models predict sustained higher temperatures that deliver greater extremes in weather patterns, including variability in wind and rainfall patterns which may reduce volumes achievable for the Group's GB and Ireland wind generation assets (although noting that a reduction in volume would likely lead to capacity constraints and hence higher prices). A 10% reduction in forecast generation volumes indicated significant headroom on the carrying value of the assets of the CGUs.
Energy Customer Solutions	5 years	**Modelling methodology and assumptions** The Group has capitalised goodwill of £31.7m (2024: £31.7m) in relation to the acquisition of the Energy Solutions Group in 2016. The business designs, installs and optimises building management technologies which deliver efficient operating environments for its customers. During the year, the business was in the scope of the Group's Operating Model and Efficiency Review, and has moved into the Energy Customer Solutions segment of the Group. The VIU was determined through an expected cash flows analysis, derived from new management forecasts for the business, applying a pre-tax real discount rate of 8.6% (2024: 8.0%).	**Conclusion** At 31 March 2025, the recoverable amount of the Energy Solutions Group on a value in use basis has been assessed as £11.9m, resulting in an impairment of £19.8m. Cash flow sensitivity has been considered within the impairment calculation, which was a probability weighted selection of outcomes. The possible outcomes ranged from an impairment of the full goodwill balance, to headroom of £10.5m.

15.2 Property, plant and equipment, other intangibles and investment impairment reviews – asset testing

Where an indicator of impairment exists, the recoverable amounts of the Group's property, plant and equipment, other intangible assets and interests in joint ventures and associates are determined by reference to VIU or, where appropriate, FVLCS calculations. The calculations use, as their starting point, pre-tax cash flow projections based on the Group's ten-year Corporate Model as approved by the Board. The Group's Corporate Model is based on experience and reflects the Group's forward view of markets, prices, risks and its strategic objectives. Commodity prices used are based on observable market data and, where this is not available, on internal estimates. FVLCS valuations are derived from market analysis for similar transactions, adjusted to specific circumstances of the Group's investment to reflect the amount the Group believes will be recoverable in a sale transaction. Note that the Group will expense any individual asset, investment or development asset, should it clearly be damaged, obsolete or economically impaired, as part of its normal course of business.

Assets identified for review

The specific assets and investments identified for impairment reviews in the prior year (being the GB CCGTs; Great Island CCGT; Gas Storage facilities at Aldbrough and Atwick; 50% joint venture investment in Triton Power; and 50% joint venture investment in Neos Networks) all remained subject to impairment testing at 31 March 2025. All assets continued to display indicators of impairment with the exception of the GB CCGTs. At March 2023 all historic impairments related to the GB CCGTs had been reversed and at 31 March 2024 there was significant headroom on all GB assets. In the current year there were no further indicators of impairment, therefore no detailed impairment test was performed for the GB CCGTs. No new assets were identified as displaying indicators of impairment or impairment reversal.

Assets	Cash flow period assumption	Operating and other valuation assumptions	Commentary and impairment conclusions
Great Island CCGT	Period to end of life	**Modelling methodology and assumptions** The VIU of the Group's Great Island CCGT power station was based on pre-tax discounted cash flows expected to be generated by the plant based on management's view of the plant's operating prospects. Cash flows are subject to a pre-tax real discount rate of 9.9% (2024: 11.2%) reflecting the specific risks in the Irish market. Management assessed that the decrease in Irish spark spreads observed during the year was a trigger for a formal impairment review.	**Conclusion** The VIU assessment performed on the asset at 31 March 2025 indicated no impairment. The carrying value of the Great Island asset at 31 March 2025 is £239.2m (2024: £251.6m) against an assessed recoverable value of £265.0m (2024: £320.2m). **Sensitivity analysis** A 1% increase in the discount rate would result in a reduction of headroom to £13.3m. A 20% decrease in gross margin would result in an impairment of £41.5m. A €10/KW decrease in projected non-contracted capacity market prices would result in a reduction of headroom to £13.1m. The "Accelerated gas closure" climate-related transition risk has been removed in the year to 31 March 2025, as it was assessed as no longer material to the Group (see the Climate-related financial disclosures statement).

Notes to the consolidated financial statements continued
for the year ended 31 March 2025

15 Impairment testing continued

15.2 Property, plant and equipment, other intangibles and investment impairment reviews – asset testing continued

Assets	Cash flow period assumption	Operating and other valuation assumptions	Commentary and impairment conclusions
Gas Storage assets (Atwick and Aldbrough)	Period to end of life	**Modelling methodology and assumptions** The VIU of the Group's Gas Storage assets at Aldbrough and Atwick were based on pre-tax discounted cash flows expected to be generated by the storage facilities based on management's view of the assets' operating prospects. Cash flows are subject to a pre-tax real discount rate of 15.0% (2024: 11.7%) for Atwick and 9.5% (2024: 10.4%) for Aldbrough reflecting risks specific to the assets. The key assumptions applied in the valuation of the assets are gas price volatility and the mean reversion rate ("MRR"). The gas price volatility assumption reflects management's view of price fluctuations between periods where the Group can purchase gas at a low price, store it and sell during periods of peak prices. MRR represents the time taken for the market to return to average after a period of increase or decline. Management assessed that the decrease in gas prices observed during the year was a trigger for a formal impairment review.	**Conclusion** The VIU assessment performed on the assets indicated no impairment or reversal (2024: £85.7m impairment) to Aldbrough and no impairment or reversal to Atwick (2024: £48.4m impairment). Following the impairment assessment at 31 March 2025, the carrying value of Aldbrough is £3.6m (2024: £3.0m) and the carrying value of Atwick is £5.8m (2024: £6.3m). Both carrying values represent the net book value of the storage assets and exclude the carrying value of cushion gas volumes. **Sensitivity analysis – Atwick** A sensitivity performed with a high volatility assumption would reverse the previously recognised impairment at the Atwick facility by £33.7m, while a low volatility assumption would result in a full impairment. An increase to the MRR assumption rate by 1.0 would reverse the previous impairment by £18.1m. **Sensitivity analysis – Aldbrough** A sensitivity performed with a 10% increase to the gas price assumption would reverse the previously recognised impairment by £11.5m. A sensitivity performed with a high volatility assumption would reverse the previously recognised impairment of £45.8m. An increase to the MRR assumption rate by 1.0 would reverse the previously recognised impairment by £31.1m.

Assets	Cash flow period assumption	Operating and other valuation assumptions	Commentary and impairment conclusions
Equity investment in Triton Power Holdings Limited	Period to end of life	**Modelling methodology and assumptions** The Group has valued its 50% equity investment Triton Power Holdings Limited ("Triton") based on projected cashflows that will be derived from the investment on a VIU basis. The VIU assessment of the Triton power stations (Saltend, Indian Queens and Deeside) is used to test the carrying value of the equity investment of £137.8m (2024: £152.5m). The assessments were based on pre-tax discounted cash flows expected to be generated by each power station, based on management's view of operating prospects and operational flexibility within the GB wholesale market, including capacity market clearing prices. Cash flows are subject to a pre-tax real discount rate of 12.7% (blended) (2024: 13.2% (blended)). The fall in future observable market prices and loss recognised in the current financial year have been identified as indicators of impairment and a full review has been completed.	**Conclusion** The recoverable amount of the Group's equity investment in Triton is £137.3m which is £0.5m lower than the carrying value. As the difference is low and has been assessed as part of a range of positive and negative reasonably possible outcomes, no adjustment has been recognised at 31 March 2025 (2024: impairment of £63.2m). The Group acquired its investment in Triton on 1 September 2022 during a period of significant volatility in the UK power market. On acquisition the Group recorded an exceptional gain on acquisition due to movements in short term gas and power prices between the purchase agreement and completion dates. While the investment is an equity accounted joint venture, the investment has been impaired in previous periods and is sensitive to market movements. **Sensitivity analysis** The principal assumptions impacting the valuation model of Triton are discount rate; gross margin; and non-contracted capacity market price. A 1% increase in the discount rate would result in an impairment of £5.2m, while a 1% decrease would reverse the previously charged impairment by £11.1m. A 20% increase in gross margin would result in an impairment reversal of £24.6m, while a 20% decrease in gross margin result in an impairment of £21.2m. A £10/KW increase in non-contracted capacity market price would result in a £16.5m reversal of previously recognised impairments and a £10/KW decrease in the assumption would create an impairment charge of £11.4m. The "Accelerated gas closure" climate-related transition risk has been removed in the year to 31 March 2025, as it was assessed as no longer material to the Group (see the Climate-related financial disclosures statement).

15 Impairment testing continued

15.2 Property, plant and equipment, other intangibles and investment impairment reviews – asset testing continued

Assets	Cash flow period assumption	Operating and other valuation assumptions	Commentary and impairment conclusions
Investment in Neos Networks Limited	5 years	**Modelling methodology and assumptions** The Group has valued its investment in Neos Networks Limited ("NNL") based on projected future cashflows that are expected to arise from the business under a value in use ('VIU') methodology. The VIU assessment is used to test the carrying value of the equity investment and shareholder loan balances due from Neos Networks Limited totalling £84.8m at 31 March 2025. The assessment was based on pre-tax discounted cash flows based on management's view of operating prospects. Cash flows are subject to a pre-tax real discount rate of 8.2%. The recent performance of the business that resulted in impairments to the investment in each of the three prior financial years was identified as an indicator of impairment, resulting in a full assessment.	**Conclusion** The recoverable amount of the Group's investment in Neos Networks is £89.3m, which is £4.5m higher than the carrying value. As the difference is low and has been assessed as part of a range of positive and negative reasonably possible outcomes, no adjustment has been recognised at 31 March 2025 (2024: impairment of £73.6m). **Sensitivity analysis** Sensitivity analysis was performed in relation to management's projected EBITDA in the modelled period, the terminal growth rate assumption, and the discount rate assumption. A 2.5% increase in the EBITDA assumption would result in an impairment reversal of £49.2m, whereas a 2.5% decrease in the EBITDA assumption would result in an impairment of £40.3m. A 0.5% increase in the terminal growth rate assumption would result in an impairment reversal of £14.1m, whereas a 0.5% decrease in the terminal growth rate assumption would result in an impairment of £3.8m. A 0.5% decrease in the discount rate assumption would result in an impairment reversal of £16.3m, whereas a 0.5% increase in the discount rate assumption would result in an impairment of £5.5m.

16 Investments

16.1 Joint Ventures and associates

Share of net assets/cost	2025 Equity £m	2025 Loans £m	2025 Total £m	2024 Equity £m	2024 Loans £m	2024 Total £m
At 1 April	**1,963.2**	**1,352.9**	**3,316.1**	1,975.7	1,115.4	3,091.1
Additions	**153.4**	**280.0**	**433.4**	280.6	244.7	525.3
Repayment of shareholder loans	**–**	**(121.7)**	**(121.7)**	–	(14.6)	(14.6)
Dividends received	**(200.6)**	**–**	**(200.6)**	(223.7)	–	(223.7)
Share of profit after tax[(i)] – continuing operations	**91.6**	**–**	**91.6**	115.9	–	115.9
Share of other comprehensive income	**(0.9)**	**–**	**(0.9)**	(40.9)	–	(40.9)
Disposals	**–**	**–**	**–**	(3.0)	–	(3.0)
Transfer – equity to loans	**–**	**–**	**–**	(54.4)	54.4	–
Transfers – other investments	**(4.6)**	**–**	**(4.6)**	24.1	–	24.1
Impairments[(ii)]	**–**	**–**	**–**	(90.8)	(46.0)	(136.8)
Investment decrease in respect of financial guarantees[(iii)]	**(12.1)**	**–**	**(12.1)**	(18.9)	–	(18.9)
Exchange rate adjustments	**(2.7)**	**(0.9)**	**(3.6)**	(1.4)	(1.0)	(2.4)
At 31 March	**1,987.3**	**1,510.3**	**3,497.6**	1,963.2	1,352.9	3,316.1

(i) Of the £91.6m (2024: £115.9m) share of profits from continuing operations, only £89.9m (2024: £114.1m) is recognised through the income statement. The £1.7m (2024: £1.8m) difference relates to profits earned from SSE Group companies where the costs have been capitalised. This profit has been eliminated on consolidation.
(ii) Impairments in the year ended 31 March 2024 of £136.8m included charges of £63.2m in relation to the Group's Triton joint venture, and £73.6m in relation to the Group's investment in Neos Networks, which were treated as exceptional, see note 7.
(iii) The investment decrease in respect of financial guarantees relates to £12.5m (2024: £22.2m) of unwind and expiry of guarantee contracts, less £0.4m (2024: £3.3m) for the fair value of fees receivable on guarantees granted to joint venture investments during the year.

16.2 Additions and disposals of equity in the current year

Additions and disposals in the year

On 10 September 2024 the Group sold a 50% equity share in SSE DE EV Hold Co Limited to form the 50:50 Source EV joint venture with TotalEnergies Marketing UK Limited for cash consideration of £16.5m. Following the completion of the transaction, both shareholders provided the joint venture with £5.1m of shareholder loans and £10.0m of equity funding.

During the year the Group provided equity and loans to its existing joint venture investments of £129.4m and £274.9m respectively, primarily in relation to Seagreen Holdco 1 Energy Limited and Doggerbank Offshore Wind Farm Project 1 Projco Limited.

There were no significant disposals in the current year.

16.3 Acquisitions and disposals of equity in the previous year

Additions in the previous year

On 21 March 2024 the Group completed the purchase of 50% of the equity in eight onshore wind development projects in Ireland from Bord na Mona Powergen Limited for cash consideration of £41.9m.

During the year ended 31 March 2024 the Group provided equity and loans to its existing joint venture investments of £237.9m and £235.9m respectively, primarily in relation to Seagreen Wind Energy Limited and Dogger Bank A Offshore Wind Farm.

Disposals of equity in the previous year

The Group received £14.9m of cash and recognised a gain in the income statement of £9.0m in relation to the disposal of investments in associates.

Notes to the consolidated financial statements continued
for the year ended 31 March 2025

16 Investments continued

16.4 Principal joint ventures and associates

Under IFRS 12 "Disclosure of Interests in Other Entities", the Group has evaluated the key joint ventures and associates it holds with the purpose of disclosing any which are materially significant in order to identify the impact on the Group's financial position, performance and cash flows, whilst identifying the nature of the risks associated with these interests. A full listing of the Group's incorporated joint ventures, joint operations, associates and investments are included in the Accompanying Information (A3).

Share of results of joint ventures and associates

	2025 Wind farms £m	2025 Thermal Generation £m	2025 Other(i) £m	2025 Total £m	2024 Total £m
Revenue	433.3	423.5	84.1	940.9	1,003.6
Other income	109.7	–	–	109.7	88.1
Depreciation and amortisation	(132.5)	(42.9)	(50.6)	(226.0)	(208.8)
Other operating costs	(125.2)	(351.4)	(63.7)	(540.3)	(645.4)
Operating profit	285.3	29.2	(30.2)	284.3	237.5
Interest expense	(147.4)	(5.3)	(11.6)	(164.3)	(110.7)
Changes in fair value of derivatives	(26.4)	(1.7)	–	(28.1)	61.4
Corporation tax	(1.0)	(0.7)	(0.3)	(2.0)	(74.1)
Share of post taxation results	110.5	21.5	(42.1)	89.9	114.1
Recognised in other comprehensive income					
Cashflow hedges	(22.8)	0.3	0.2	(22.3)	(54.5)
Taxation	5.7	–	(0.1)	5.6	13.6
Other	–	–	15.8	15.8	–
Total comprehensive income	93.4	21.8	(26.2)	89.0	73.2

Share of joint ventures and associates' assets and liabilities

	2025 Wind farms £m	2025 Thermal Generation £m	2025 Other(i) £m	2025 Total £m	2024 Total £m
Non-current assets	6,468.5	441.9	353.5	7,263.9	6,909.7
Current assets	155.8	122.3	19.8	297.9	330.2
Cash and cash equivalents	253.4	53.6	22.2	329.2	373.0
Current liabilities	(242.7)	(73.5)	(73.0)	(389.2)	(496.0)
Non-current liabilities	(5,550.9)	(229.6)	(227.0)	(6,007.5)	(5,725.3)
	1,084.1	314.7	95.5	1,494.3	1,391.6
Other adjustments	485.3	13.5	(5.8)	493.0	571.6
Share of net assets of joint ventures and associates	1,569.4	328.2	89.7	1,987.3	1,963.2
Shareholder loans	1,230.3	191.4	88.6	1,510.3	1,352.9
Interest in joint venture and associate	2,799.7	519.6	178.3	3,497.6	3,316.1

(i) Other comprises the investments the Group holds in Neos Networks Limited, Source EV Limited, Corran Environmental LP and Marron Activ8 Energies Limited.

Information on Group's investments in joint ventures and associates is provided at A3, A4 and A5.

16.5 Joint operations

Listed are the incorporated joint operations that have a material impact on the financial position and financial results of the Group.

	Principal activity	Country of incorporation	Class of shares held	Proportion of shares held (%)	Group Interest (%)	Year end
Greater Gabbard Offshore Winds Limited	Offshore Wind farm	UK	Ordinary	50.0	50.0	31 March
Eastern Green Link 2 Limited	Power Transmission	UK	Ordinary	50.0	37.5	31 March

The Group's interest in Greater Gabbard Offshore Winds Limited is that of a joint operation designed to provide output to the parties sharing control. The liabilities of the arrangement are principally met by the parties through the contracts for the output of the wind farm.

Eastern Green Link 2 Limited is a joint operation between SHET and National Grid Electricity Transmission plc to install a 2GW subsea high-voltage connection.

The Group also has an unincorporated arrangement with Equinor under which it accounts for its 66.7% share of the Aldbrough gas storage facility owned by SSE Hornsea Limited.

16.6 Other investments held at fair value through other comprehensive income

	2025 £m	2024 £m
At 1 April	**3.2**	27.4
Additions in year	**1.9**	–
Disposals in year	**(0.1)**	(0.4)
Transfers from/(to) investments in joint ventures and associates	**4.6**	(24.1)
Fair value adjustment through other comprehensive income	**(0.8)**	0.3
At 31 March	**8.8**	3.2

17 Inventories

	2025 £m	2024 £m
Fuel and consumables	**170.9**	155.3
Certificates and allowances	**268.1**	205.1
Gas held in storage	**57.6**	23.1
Less: provisions held	**(33.7)**	(40.5)
	462.9	343.0

Where ROCs and Renewable Energy Guarantees of Origin ("REGOs") certificates are self-generated or purchased to fulfil the Group's environmental obligations, they are recorded within intangible assets. The value of ROCs and REGOs held in excess of the Group's environmental obligations are recorded within inventories.

The Group has expensed inventories of £571.9m within cost of sales in the year (2024: £562.8m).

Notes to the consolidated financial statements continued
for the year ended 31 March 2025

18 Trade and other receivables

	2025 £m	2024 £m
Non-current assets		
Loan note receivable and other non-current receivable	**199.9**	170.1
Current assets		
Trade receivables	**1,480.2**	1,305.5
Unbilled energy income	**521.1**	663.7
Other receivables	**56.2**	82.6
Cash posted as collateral and other deposits	**19.2**	9.3
Other prepayments and accrued income	**866.5**	593.0
	2,943.2	2,654.1
Total trade and other receivables	**3,143.1**	2,824.2

The non-current loan note receivable includes £193.5m (2024: £170.1m) payable by Ovo Holdings Limited by 2029 and £6.4m (2024: £nil) recognised on the disposal of the Group's gas metering business on 17 March 2025. The Ovo loan note carries interest of 13.25% and is presented cumulative of accrued interest repayments, discounted at 13.25%.

Unbilled energy income represents an estimate of the value of electricity or gas supplied to customers between the date of the last meter reading and the year end. Detail of the calculation applied to estimate this balance is included at note 4.1(iii). A 5% sensitivity on the unbilled energy accrual would equate to an increase or decrease in the receivable balance of £14.6m (2024: £20.7m).

Cash posted as collateral includes amounts deposited on commodity trading exchanges of £9.6m (2024: £9.3m).

Trade receivables and other financial assets are part of the Group's financial exposure to credit risk as explained in accompanying information note A6.

19 Trade and other payables

	2025 £m	2024 £m
Current liabilities		
Trade payables	**710.7**	656.7
Contract related liabilities(i)	**127.9**	95.2
Cash held as collateral	**82.5**	362.5
Other creditors	**441.6**	473.0
Other accruals(ii)	**1,535.2**	1,735.1
	2,897.9	3,322.5
Non-current liabilities		
Contract related liabilities(i)	**164.3**	158.4
Deferred income and other accruals(ii)	**1,083.6**	934.4
	1,247.9	1,092.8
Total trade and other payables	**4,145.8**	4,415.3

(i) Current contract related liabilities includes customer contributions of £15.1m (2024: £15.7m) and non-current contract related liabilities includes customer contributions of £164.3m (2024: £158.4m).
(ii) Non-current other accruals includes government grants of £5.6m (2024: £6.0m).

Cash held as collateral relates to amounts received from commodity trading exchanges of £82.5m (2024: £362.5m).

20 Provisions

	Decommissioning £m	Legal and restructuring £m	Employee related £m	Other £m	Total £m
At 31 March 2023	712.1	20.3	20.9	18.8	772.1
Charged in the year	–	–	1.2	4.0	5.2
Increase in decommissioning provision	2.2	–	–	–	2.2
Unwind of discount	25.2	–	–	–	25.2
Acquired during the year	–	–	–	7.3	7.3
Released during the year	–	–	–	(4.3)	(4.3)
Utilised during the year	(5.3)	(16.9)	(9.3)	(7.6)	(39.1)
Transfers	5.0	(3.0)	–	(2.0)	–
Exchange rate adjustments	(3.5)	–	–	–	(3.5)
At 31 March 2024	735.7	0.4	12.8	16.2	765.1
Charged in the year	**–**	**2.4**	**6.5**	**10.9**	**19.8**
Decrease in decommissioning provision	**(25.5)**	**–**	**–**	**–**	**(25.5)**
Unwind of discount	**27.2**	**–**	**–**	**–**	**27.2**
Released during the year	**–**	**–**	**(3.5)**	**–**	**(3.5)**
Utilised during the year	**(17.6)**	**(0.4)**	**(0.4)**	**(5.3)**	**(23.7)**
Exchange rate adjustments	**(2.8)**	**–**	**–**	**–**	**(2.8)**
At 31 March 2025	**717.0**	**2.4**	**15.4**	**21.8**	**756.6**
At 31 March 2025					
Non-current	**656.3**	**–**	**8.9**	**10.9**	**676.1**
Current	**60.7**	**2.4**	**6.5**	**10.9**	**80.5**
	717.0	**2.4**	**15.4**	**21.8**	**756.6**
At 31 March 2024					
Non-current	688.8	0.4	12.5	10.7	712.4
Current	46.9	–	0.3	5.5	52.7
	735.7	0.4	12.8	16.2	765.1

Decommissioning provisions

Provision has been made for the estimated net present value of decommissioning the Group's Thermal and Renewable power generation assets, Gas Storage facilities and the retained 60% share of decommissioning costs of the disposed Gas Production business. Cost estimates are based on forecast remediation or clean-up costs based on current technology and prices for Renewable, Thermal and Gas Storage assets and are reviewed by independent valuation experts every three years. In the intervening years, management update cost estimates based on factors arising since the last formal valuation date. Retained decommissioning costs in relation to the disposed Gas Production business are periodically agreed with the field operators. The cost estimates include a risk adjustment and are inflated to the projected decommissioning date using a market observable inflation rate. This projection is discounted using a risk-free discount rate based on UK gilt rates with maturity date similar to the expected decommissioning date.

There is a wide range of assumed decommissioning dates across the obligation due to the number of assets and their varying ages, which is summarised in the table below. Decommissioning dates are based on the useful economic lives of the individual assets based on technology and price forecasts at the balance sheet date. It is possible that the forecast decommissioning dates will change due to technology advances or decisions to repower wind farms when the current turbines reach the end of their respective lives. The date of decommissioning of the Gas Production business can vary based on hydrocarbon reserve estimates and market commodity prices, which can shorten or lengthen the economic life of the field.

Business Unit	Value of Provision 31 March 2025 £m	Number of decommissioning sites	Forecast decommissioning dates	Value of Provision 31 March 2024 £m	Number of decommissioning sites	Forecast decommissioning dates
Renewables	**236.3**	58	2026 – 2064	230.7	52	2025 – 2065
Thermal	**165.0**	17	2025 – 2050	169.9	17	2024 – 2050
Gas Storage	**114.1**	18[1]	2025 – 2049	115.4	18[1]	2024 – 2049
Gas Production	**201.6**	4[2]	2025 – 2040	219.7	4[2]	2024 – 2040
Total	**717.0**			735.7		

1 The Group has two Gas Storage assets at Aldbrough and Atwick. In total there are 18 caverns with varying economic lives, therefore the number of sites has been disclosed to more accurately reflect the scale and expected timing of decommissioning activities.
2 The Group has retained a 60% share of the decommissioning obligation for four Gas Production fields, though each field has multiple wells and shared infrastructure that the Group retains an obligation to remediate.

20 Provisions continued

Decommissioning provisions continued

The Group's decommissioning provision has decreased during the year from £735.7m to £717.0m, primarily due to the decrease in the risk free discount rates and the impact of life extension to certain Thermal CCGT plants moving the expected timing of cash outflows further into the future. While the long term inflation rate remains stable at 3.2% (2024: 3.2%), the increase in the risk free discount rates applied of between 4.7%-5.2% (2024: 3.9%-4.4%) has resulted in a reduction in the present value of the decommissioning provision.

Impact of climate change on the Group's decommissioning provisions

The Group has assessed the impact of climate change on its decommissioning provisions. The useful economic lives of Peterhead, Medway and Keadby CCGTs have been extended during the year, following a technical assessment of their ability to continue to operate to 2035, and following the UK Government's publication of its UK Clean Power 2030 Action Plan, reaffirming the role of unabated gas to the security of energy supply during the energy transition. As a result, the transition risk in relation to the enactment of legislation that would result in the earlier closure of its unabated gas fired power stations is no longer considered to be material. There is a physical risk that due to changes in weather patterns, the projected costs in relation to decommissioning could increase. The decommissioning provision included in the table above for these assets is based on a best estimate of the costs to be incurred at the balance sheet date. In the sensitivity analysis below, a scenario has been included assuming costs will increase and this takes account of the physical climate change risk.

Sensitivity analysis

Sensitivity analysis reflecting reasonably probable fluctuations to the main assumptions used in the calculation of the decommissioning provisions is set out below:

Estimated decommissioning provision including:	2025 £m	2024 £m
Increasing the projected cost estimate by 10%	**775.3**	804.8
Increasing the inflation rate by 1.0%	**774.2**	808.7
Decreasing the discount rate by 0.5%	**736.4**	764.4

Employee related provisions

Employee related provisions include the Group's employer financed retirement benefit provision for certain directors and former directors and employees, which is valued in accordance with IAS 19 using assumptions consistent with the Scottish Hydro Electric Pension Scheme (see note 23 for assumptions applied).

The Group is currently engaged in an Operating Model and Efficiency Review which is expected to conclude during the next financial year as referred to at note 7. In accordance with IAS 37 the Group has provided for committed costs in relation to the review, with further costs expected to be recognised during FY26. The increase in this provision relates primarily to the redundancy costs associated with this review.

Other provisions

Other provisions include onerous contract provisions, mutualisation obligations and other contractual obligations and are calculated based on a best estimate basis. The timing of settlement of these provisions varies by obligation between 2025 and 2028.

21 Sources of finance

21.1 Capital management

The Board's policy is to maintain a strong balance sheet and credit rating to support investor, counterparty and market confidence in the Group and to underpin future development of the business. The Group's credit ratings are also important in maintaining an efficient cost of capital and in determining collateral requirements throughout the Group. As at 31 March 2025, the Group's long term credit rating was BBB+ stable outlook for Standard and Poor's and Baa1 stable outlook for Moody's. The Group is also BBB+ stable outlook with Fitch however this rating is on an unsolicited basis.

The maintenance of a medium-term corporate model is a key control in monitoring the development of the Group's capital structure and allows for detailed scenarios and sensitivity testing. Key ratios drawn from this analysis underpin regular updates to the Board and include the ratios used by the rating agencies in assessing the Group's credit ratings.

The Group's debt requirements are principally met through issuing bonds denominated in Sterling and Euros as well as private placements and medium-term bank loans including those with the European Investment Bank. Details of debt issued by the Group and maturities in the current year are included in note 21.3.

SSE's adjusted net debt and hybrid capital was £10.2bn at 31 March 2025, compared with £9.4bn at 31 March 2024.

Adjusted net debt and hybrid capital is stated after removing lease obligations, external net debt attributable to non-controlling interests and cash held and posted as collateral and other deposits with a maturity of more than three months in line with the Group's presentation basis which is explained at note 3.1. The adjustment relating to the non-controlling interest share of Scottish Hydro Electric Transmission plc external net debt is £817.9m at 31 March 2025 (2024: £490.2m) and relates to 25% of external loans of £3,278.8m (2024: £2,088.0m) net of cash and cash equivalents of £7.3m (2024: £127.4m). Cash held and posted as collateral refers to amounts received and deposited on commodity trading exchanges which are reported within "Trade and other payables" and "Trade and other receivables" respectively on the face of the balance sheet.

At 31 March 2025 the collateral balance was a net liability of £72.9m (2024: £353.2m net liability), consisting of a liability of £82.5m (2024: £362.5m) and an asset of £9.6m (2024: £9.3m). The movement in the current year reflects a reduction in the variation margin on "in the money" positions due to higher commodity prices, along with "in the money" positions maturing during the period.

The Group has an established €1.5bn Euro commercial paper programme (paper can be issued in a range of currencies and swapped into Sterling) and as at 31 March 2025 there was £891m commercial paper outstanding (2024: £840m). The Group also continues to have access to £3.0bn of revolving credit facilities (2024: £3.5bn) following re-financing in the current year as detailed in note 21.3. The facilities include £1.5bn relating to Scottish Hydro Electric Transmission plc (2024: £0.8bn) and £1.5bn relating to SSE plc (2024: £2.5bn). As at 31 March 2025 there were £340m drawings on the Scottish Hydro Electric Transmission plc facility being 23% utilisation (2024: nil utilisation) and no drawings on the SSE plc facility (2024: nil utilisation).

The Group capital comprises:

	2025 £m	2024 £m (restated*)
Total borrowings (excluding lease obligations)	**10,149.4**	8,726.2
Less: Cash and cash equivalents	**(1,090.5)**	(1,035.9)
Net debt (excluding hybrid equity)	**9,058.9**	7,690.3
Hybrid equity	**1,882.4**	1,882.4
External net debt attributable to non-controlling interests	**(817.9)**	(490.2)
Cash held/(posted) as collateral and other deposits	**63.3**	353.2
Adjusted net debt and hybrid capital APM	**10,186.7**	9,435.7
Equity attributable to shareholders of the parent	**10,181.6**	9,365.8
Total capital excluding lease obligations	**20,368.3**	18,801.5

* The comparative has been restated. See note 1.2.

Under the terms of the revolving credit and private placement borrowing facilities, the Group is required to comply with the following financial covenant:

- **Interest Cover Ratio:** The Group shall procure that the ratio of Operating Profit to Net Interest Payable for any relevant period is not less than 2.5 to 1.

Under the terms of the Scottish Hydro Electric Transmission plc revolving credit facility and private placements the Group is required to comply with the following financial covenant:

- **Net debt to Regulatory Asset Value:** Scottish Hydro Electric Transmission plc shall procure that the consolidated net debt to Regulatory Asset Value does not at any time exceed 0.80 to 1.00 as assessed by their financial statements.

The following definitions apply in the calculation of these financial covenants:

- **"Operating Profit"** means, in relation to a relevant period, the profit on ordinary activities before taxation (after adding back Net Interest Payable) of the Group for that relevant period but after adjusting this amount to exclude any exceptional profits (or losses) and, for the avoidance of doubt, before taking account of any exceptional profits (or losses) and excluding the effect of IFRS 9 re-measurements.
- **"Net Interest Payable"** means, in respect of any relevant period, interest payable during that relevant period less interest receivable during that relevant period.
- **"Relevant period"** means, covenant compliance is based on results for each financial year.

In summary, the Group's intent is to balance returns to shareholders between current returns through dividends and long term capital investment for growth. In doing so, the Group will maintain its capital discipline and will continue to operate within the current economic environment prudently. There were no changes to the Group's capital management approach during the year.

Under SSE plc's articles of association, the borrowings of the Company are limited so as to ensure that the aggregate amount of all borrowings by the Group outstanding at any time is not more than three times the capital and reserves of the Group.

21 Sources of finance continued

21.2 Loans and other borrowings

	2025 £m	2024 £m
Current		
Short term loans	**1,895.5**	1,044.5
Lease obligations	**68.5**	83.5
	1,964.0	1,128.0
Non-current		
Loans	**8,253.9**	7,681.7
Lease obligations	**386.5**	324.0
	8,640.4	8,005.7
Total loans and borrowings	**10,604.4**	9,133.7
Cash and cash equivalents	**(1,090.5)**	(1,035.9)
Unadjusted net debt	**9,513.9**	8,097.8
Add/(less):		
Hybrid equity	**1,882.4**	1,882.4
External net debt attributable to non-controlling interests	**(817.9)**	(490.2)
Lease obligations	**(455.0)**	(407.5)
Cash held/(posted) as collateral and other deposits	**63.3**	353.2
Adjusted net debt and hybrid capital APM	**10,186.7**	9,435.7

Cash and cash equivalents (which are presented as a single class of asset on the face of the balance sheet) comprise cash at bank and short term highly liquid investments with a maturity of three months or less.

21.3 Borrowing facilities

The Group has an established €1.5bn Euro commercial paper programme (paper can be issued in a range of currencies and swapped into Sterling) and as at 31 March 2025 there was £891m commercial paper outstanding (2024: £840m).

The Group also has access to £3.0bn of revolving credit facilities (2024: £3.5bn). On 23 October 2024 the Group's facilities were re-financed with the £0.75bn facility relating to Scottish Hydro Electric Transmission plc being increased to £1.5bn, the £2.5bn of facilities relating to SSE plc being reduced to £1.5bn by cancellation of a facility due to mature in February 2025, and the cancellation of the Distribution facility of £0.25bn which is no longer required.

The details of the Group's committed facilities as at 31 March 2025 are:

- a £1.5bn revolving credit facility for SSE plc maturing October 2029 with two 1 year extension options; and
- a £1.5bn revolving credit facility for Scottish Hydro Electric Transmission plc maturing October 2029 with two 1 year extension options.

The re-financing of the committed facilities was undertaken to ensure the Group is set up to meet its funding obligations over the next five years, with available committed facilities on the entities that require them. The opportunity was also taken to increase the number of relationship banks from 11 to 15, which supports the Group's growth plans and funding requirements over the next five years. The £1.5bn revolving credit facility for SSE plc is in place to provide back-up to the commercial paper programme and support the Group's capital expenditure plans. The Scottish Hydro Electric Transmission plc facility, was entered into to help cover the capital expenditure and working capital of that business. The terms and conditions of the re-financed revolving credit facilities contain certain sustainability-linked features which may or may not adjust the interest margin applicable to the revolving credit facilities. The rate of interest is calculated annually, subject to fulfilling certain ESG KPIs and applied prospectively. At 31 March 2025, these terms had no impact on the carrying value of the debt.

As at 31 March 2025 there were £340m drawings on the Scottish Hydro Electric Transmission plc facility being 23% utilisation (2024: nil utilisation) and no drawings on the SSE plc facility (2024: nil utilisation).

During the year SSE plc issued a 7 year €600m Green Bond at a coupon of 3.5%. The bond has been predominantly left in Euros as a net investment hedge for the Group's Euro denominated subsidiaries. In the year, SSE plc also issued £0.9bn of debt and had £1.0bn of debt maturities. The issued debt primarily relates to £0.8bn of Commercial Paper being rolled at maturity, which also accounts for £0.8bn of the debt maturities, with the only additional debt maturity being €320m (£204m) of 12 year US Private Placements that matured in April 2024.

During the year Scottish Hydro Electric Transmission plc issued £0.9bn of new debt, in addition to the drawings on the committed facility. The three issuances of new debt were as follows:

- August 2024 – €850m (£715m) 8 year green Eurobond maturing 4 September 2032 with a coupon of 3.375% and an all-in GBP cost of 4.9127% once swapped back to Sterling;
- June 2024 – 1.5bn NOK (£111m) 10 year private placement maturing 26 June 2034 with a coupon of 4.731% and an all-in GBP cost of 5.3315% once swapped back to Sterling; and
- July 2024 – £30m 15 year private placement maturing 19 July 2039 with a coupon of 5.591%.

Analysis of borrowings

	2025 Weighted average interest rate(iv)	2025 Face value £m	2025 Fair value £m	2025 Carrying amount £m	2024 Weighted average interest rate(iv)	2024 Face value £m	2024 Fair value £m	2024 Carrying amount £m
Current								
Other Short term loans – non amortising(ii)	**5.0%**	**901.7**	**906.6**	**890.5**	5.8%	852.4	855.7	840.4
1.250% Eurobond repayable 16 April 2025(vi)	**1.3%**	**531.4**	**531.2**	**531.4**	–	–	–	–
0.875% €600m Eurobond repayable 8 September 2025(ix)	**0.9%**	**502.6**	**499.2**	**502.4**	–	–	–	–
US Private Placement 16 April 2024	**–**	**–**	**–**	**–**	4.4%	204.1	257.9	204.1
Within one year		**1,935.7**	**1,937.0**	**1,924.3**		1,056.5	1,113.6	1,044.5
Fair value adjustment(iii)				**(28.8)**				–
Total current borrowings		**1,935.7**	**1,937.0**	**1,895.5**		1,056.5	1,113.6	1,044.5
Non-Current								
Bank loans – non amortising(i)	**3.5%**	**500.0**	**493.1**	**500.0**	3.5%	500.0	484.2	499.9
Other loans – non amortising(ii)	**4.8%**	**340.0**	**340.0**	**340.0**	–	–	–	–
1.250% Eurobond repayable 16 April 2025(vi)	**–**	**–**	**–**	**–**	1.3%	531.4	518.8	531.4
0.875% €600m Eurobond repayable 8 September 2025(ix)	**–**	**–**	**–**	**–**	0.9%	513.0	493.0	512.2
US Private Placement 8 June 2026	**3.1%**	**64.0**	**63.0**	**63.8**	3.1%	64.0	48.7	63.6
US Private Placement 6 September 2026	**3.2%**	**247.1**	**258.9**	**246.2**	3.2%	247.1	242.1	245.6
US Private Placement 6 September 2027	**3.2%**	**35.0**	**33.3**	**34.8**	3.2%	35.0	25.9	34.7
1.375% €650m Eurobond repayable 4 September 2027(v) (ix)	**1.4%**	**591.4**	**573.7**	**590.9**	1.4%	591.4	553.7	590.7
1.50% Eurobond repayable 24 March 2028(ix)	**1.5%**	**250.0**	**227.5**	**249.5**	1.5%	250.0	221.5	249.3
8.375% Eurobond repayable on 20 November 2028	**8.4%**	**500.0**	**554.3**	**498.5**	8.4%	500.0	573.3	498.1
2.875% Eurobond repayable 1 August 2029(ix)	**2.9%**	**544.5**	**539.3**	**543.3**	–	–	–	–
Between two and five years		**3,072.0**	**3,083.1**	**3,067.0**		3,231.9	3,161.2	3,225.5
2.875% Eurobond repayable 1 August 2029(ix)	**–**	**–**	**–**	**–**	2.9%	555.7	543.3	554.3
1.750% Eurobond repayable 16 April 2030(vii)	**1.8%**	**442.9**	**413.9**	**442.9**	1.8%	442.9	403.5	442.9
5.50% Eurobond repayable on 7 June 2032	**5.5%**	**350.0**	**353.1**	**350.1**	5.5%	350.0	368.1	350.1
Private Placement 30 June 2032	**3.1%**	**175.0**	**152.1**	**175.0**	3.1%	175.0	148.0	175.0
2.25% Eurobond repayable 27 September 2035(ix)	**2.3%**	**350.0**	**252.4**	**347.8**	2.3%	350.0	266.3	347.6
2.125% Eurobond repayable 24 March 2036(ix)	**2.1%**	**250.0**	**175.4**	**248.7**	2.1%	250.0	184.7	248.5
4.625% Eurobond repayable on 20 February 2037	**4.6%**	**325.0**	**288.5**	**324.3**	4.6%	325.0	312.4	324.3
Private Placement 30 June 2037	**3.2%**	**175.0**	**135.5**	**175.0**	3.2%	175.0	146.2	175.0
6.25% Eurobond repayable on 27 August 2038	**6.3%**	**350.0**	**350.7**	**347.9**	6.3%	350.0	386.3	347.7
4.454% Index linked loan repayable on 27 February 2044	**4.5%**	**164.7**	**186.4**	**164.3**	4.5%	169.4	212.6	169.0
1.429% Index linked bond repayable on 20 October 2056	**1.4%**	**195.5**	**134.3**	**195.5**	1.4%	188.8	145.5	188.8
4.00% €750m Eurobond repayable 5 September 2031(viii) (ix)	**4.0%**	**628.2**	**646.5**	**626.8**	4.0%	641.2	661.7	639.5
5.50% £500m Eurobond maturing 15 January 2044(ix)	**5.5%**	**500.0**	**448.3**	**493.0**	5.5%	500.0	500.8	492.6
3.375% €850m Eurobond repayable 4 September 2032(ix)(x)	**3.4%**	**715.3**	**702.7**	**713.6**	–	–	–	–
Private Placement 26 June 2034	**4.7%**	**111.3**	**107.8**	**111.3**	–	–	–	–
Private Placement 19 July 2039	**5.6%**	**30.0**	**28.4**	**30.0**	–	–	–	–
3.50% €600m Eurobond repayable 18 March 2032(ix)(xi)	**3.5%**	**503.5**	**501.3**	**500.5**				
Over five years		**5,266.4**	**4,877.3**	**5,246.7**		4,473.0	4,279.4	4,455.3
Fair value adjustment(iii)				**(59.8)**				0.9
Total non-current borrowings		**8,338.4**	**7,960.4**	**8,253.9**		7,704.9	7,440.6	7,681.7
Total borrowings		**10,274.1**	**9,897.4**	**10,149.4**		8,761.4	8,554.2	8,726.2

Note: The Sterling-equivalent fair value reflects the fair value of non-Sterling denominated borrowings, post the impact of the hedges noted below.
(i) Balances include term loans and EIB debt and is a mixture of fixed and floating rate debt.
(ii) Balances include Commercial Paper and facility advances (£891m of Commercial Paper). At 31 March 2025, Scottish Hydro Electric Transmission plc had drawn £340.0m of borrowings under its £1.5bn revolving credit facility. The £340.0m has been classified as non-current within debt maturing in two to five years in accordance with IAS 1 paragraph 75A. The debt was repaid in April 2025, subsequent to the balance sheet date.
(iii) The fair value adjustment relates to the change in the carrying amount of the borrowings as a result of fair value hedges that are in place. The movement in the fair value adjustment is recognised in the income statement with a corresponding movement on the hedging instrument also being recognised in the income statement.
(iv) The weighted average interest rates (including the effect of interest rate swaps) for the year ended 31 March 2025 was 3.85% (2024: 3.40%).
(v) The 1.375% €650m Eurobond maturing 4 September 2027 has been swapped to Sterling giving an effective interest rate of 2.56%.
(vi) The 1.250% €600m Eurobond maturing 16 April 2025 has been swapped to Sterling giving an effective interest rate of 2.43%.
(vii) The 1.750% €500m Eurobond maturing 16 April 2030 has been swapped to Sterling giving an effective interest rate of 2.89%.
(viii) The 4.0% €750m Eurobond maturing 5 September 2031 has been left in Euros as a net investment hedge for the Group's Euro denominated subsidiaries.
(ix) Bonds have been issued under the Group's Green Bond Framework.
(x) The 3.375% €850m Eurobond maturing 4 September 2032 has been swapped to Sterling giving an effective interest rate of 4.91%.
(xi) The 3.50% €600m Eurobond maturing 18 March 2032 has predominantly been left in Euros as a net investment hedge for the Group's Euro denominated subsidiaries. €200m has been swapped to Sterling for a 1 year period giving an effective interest rate of 4.20%.

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21 Sources of finance continued

21.3 Borrowing facilities continued

Lease liabilities

Amounts charged under lease arrangements are detailed within note 6, and right of use assets recognised under lease arrangements are detailed within note 14.

	2025 £m	2024 £m
At 1 April	**407.5**	405.9
Additions during the year	**139.8**	75.6
Disposals during the year	**(12.3)**	(1.9)
Unwind of discount	**26.9**	25.8
Repayment in the year	**(106.9)**	(97.9)
At 31 March	**455.0**	407.5

The weighted average incremental borrowing rate applied to lease liabilities during the year was 4.95% (2024: 4.98%). Incremental borrowing rates applied to individual lease additions in the year ranged between 3.85% to 7.46% (2024: 3.70% to 5.25%). The Group has additional committed payments under short term and low value leases at 31 March 2024 of £14.3m (2024: £11.2m).

The maturity of future lease liabilities are as follows:

	2025 £m	2024 £m
Within one year	**75.2**	91.8
Between one and five years	**233.5**	196.3
After five years	**403.2**	328.4
	711.9	616.5
Less: future finance charge	**(256.9)**	(209.0)
Present value of lease obligations	**455.0**	407.5

21.4 Reconciliation of net increase in cash and cash equivalents to movement in adjusted net debt and hybrid capital

	2025 £m	2024 £m
Increase in cash and cash equivalents	**54.6**	144.1
(Less)/add:		
New borrowing proceeds	**(2,592.2)**	(1,982.2)
Repayment of borrowings	**1,055.3**	1,744.0
Non-cash movement on borrowings	**113.7**	166.0
Increase in external net debt attributable to non-controlling interests	**327.7**	56.0
Decrease/(increase) in cash held and posted as collateral and other deposits	**289.9**	(669.5)
Increase in adjusted net debt and hybrid capital APM	**(751.0)**	(541.6)

Cash held and posted as collateral refers to amounts received and deposited on commodity trading exchanges which are reported within "Trade and other payables" and "Trade and other receivables" respectively on the face of the balance sheet, as well as other deposits with a maturity of more than 3 months.

21.5 Reconciliation of movements in financing liabilities

		Financing cash flows			Non-cash movements					
	At 31 March 2024 £m	New borrowings £m	Repayment of borrowings £m	Repayment of lease creditor £m	Fair value movements £m	Foreign exchange movements £m	Lease liabilities £m	Re-classification £m	Other £m	At 31 March 2025 £m
Financing liabilities										
Bank loans	499.9	–	–	–	–	–	–	–	0.1	500.0
Private placement	770.2	141.3	–	–	(60.2)	–	–	–	0.9	852.2
Fixed rate Eurobonds	6,059.7	1,220.4	–	–	(4.8)	(25.7)	–	(1,043.6)	(4.1)	6,201.9
Index linked loans	357.8	–	(10.8)	–	–	–	–	–	12.8	359.8
Other loans – non amortising	–	340.0	–	–	–	–	–	–	–	340.0
Total long term borrowings	7,687.6	1,701.7	(10.8)	–	(65.0)	(25.7)	–	(1,043.6)	9.7	8,253.9
Fixed rate Eurobonds	–	–	–	–	(30.4)	(10.4)	–	1,043.6	2.2	1,005.0
Other short term loans – non amortising	840.4	890.5	(840.4)	–	–	–	–	–	–	890.5
US private placement	198.2	–	(204.1)	–	5.9	–	–	–	–	–
Total short term borrowings	1,038.6	890.5	(1,044.5)	–	(24.5)	(10.4)	–	1,043.6	2.2	1,895.5
	8,726.2	2,592.2	(1,055.3)	–	(89.5)	(36.1)	–	–	11.9	10,149.4
Lease liabilities	407.5	–	–	(106.9)	–	–	154.4	–	–	455.0
Total loans and borrowings	9,133.7	2,592.2	(1,055.3)	(106.9)	(89.5)	(36.1)	154.4	–	11.9	10,604.4
Assets held to hedge long term borrowings	18.5	–	–	–	29.7	–	–	–	–	48.2
	9,152.2	2,592.2	(1,055.3)	(106.9)	(59.8)	(36.1)	154.4	–	11.9	10,652.6

		Financing cash flows			Non-cash movements					
	At 31 March 2023 £m	New borrowings £m	Repayment of borrowings £m	Repayment of lease creditor £m	Fair value movements £m	Foreign exchange movements £m	Lease liabilities £m	Re-classification £m	Other £m	At 31 March 2024 £m
Financing liabilities										
Bank loans	499.9	–	–	–	–	–	–	–	–	499.9
Private placement	978.1	–	–	–	(4.5)	–	–	(204.1)	0.7	770.2
Fixed rate Eurobonds	5,098.9	1,141.8	–	–	(143.3)	(30.7)	–	–	(7.0)	6,059.7
Index linked loans	338.6	–	(5.2)	–	–	–	–	–	24.4	357.8
Total long term borrowings	6,915.5	1,141.8	(5.2)	–	(147.8)	(30.7)	–	(204.1)	18.1	7,687.6
Bank loans	50.0	–	(50.0)	–	–	–	–	–	–	–
Fixed rate Eurobonds	514.5	–	(514.6)	–	–	–	–	–	0.1	–
Other short term loans – non amortising	1,019.2	840.4	(1,019.2)	–	–	–	–	–	–	840.4
US private placement	154.8	–	(155.0)	–	(5.9)	–	–	204.1	0.2	198.2
Total short term borrowings	1,738.5	840.4	(1,738.8)	–	(5.9)	–	–	204.1	0.3	1,038.6
	8,654.0	1,982.2	(1,744.0)	–	(153.7)	(30.7)	–	–	18.4	8,726.2
Lease liabilities	405.9	–	–	(97.9)	–	–	99.5	–	–	407.5
Total loans and borrowings	9,059.9	1,982.2	(1,744.0)	(97.9)	(153.7)	(30.7)	99.5	–	18.4	9,133.7
Assets held to hedge long term borrowings	(129.3)	–	–	–	147.8	–	–	–	–	18.5
	8,930.6	1,982.2	(1,744.0)	(97.9)	(5.9)	(30.7)	99.5	–	18.4	9,152.2

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22 Equity

22.1 Share capital

	2025		2024	
	Number (millions)	£m	Number (millions)	£m
Allotted, called up and fully paid:				
At 1 April	**1,096.2**	**548.1**	1,093.9	547.0
Issue of shares[i]	**15.0**	**7.5**	2.3	1.1
At 31 March	**1,111.2**	**555.6**	1,096.2	548.1

The Company has one class of ordinary share which carries no right to fixed income. The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company.

(i) Shareholders were able to elect to receive ordinary shares in place of the final dividend of 40.0p per ordinary share (in relation to year ended 31 March 2024) and the interim dividend of 21.2p (in relation to the current year) under the terms of the Company's scrip dividend scheme. This resulted in the issue of 12.2m and 2.8m new fully paid ordinary shares respectively (2024: 1.8m and 0.5m). In addition, the Company issued 1.7m (2024: 0.8m) shares during the year to satisfy awards to employees under certain employee share schemes (all of which were settled by shares held in Treasury) for a consideration of £17.8m (2024: £9.2m).

Under the share buyback programme in the year to 31 March 2025, 3.8m shares were repurchased for a total consideration of £71.7m (including stamp duty and commission). The scrip dividend take-up for the prior financial year was 18.0%, which was below the 25.0% required by the share buyback programme, therefore there were no share buybacks in the prior financial year ended 31 March 2024.

Of the 1,111.2m shares in issue, 4.9m are held as treasury shares. These shares will be held by SSE plc and used to satisfy awards to employees under certain employee share schemes.

During the year, on behalf of the Company, the employee share trust purchased 0.8m shares for a total consideration of £14.1m (2024: 1.3m shares, consideration of £21.8m) to be held in trust for the benefit of employee share schemes. At 31 March 2025, the trust held 6.7m shares (2024: 6.9m) which had a market value of £107.1m (2024: £113.9m).

22.2 Capital redemption reserve

The capital redemption reserve comprises the value of shares redeemed or purchased and cancelled by the Company from distributable profits.

22.3 Hedge reserve

The hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedge derivative instruments related to hedged transactions that have not yet occurred.

22.4 Translation reserve

Comprises exchange translation differences on foreign currency net investments offset by exchange translation differences on borrowings and derivatives classified as net investment hedges under IAS 39.

22.5 Hybrid Equity

	2025 £m	2024 £m
GBP 600m 3.74% perpetual subordinated capital securities[i]	**598.0**	598.0
EUR 500m 3.125% perpetual subordinated capital securities[i]	**453.0**	453.0
EUR 1,000m 4.00% perpetual subordinated capital securities[ii]	**831.4**	831.4
	1,882.4	1,882.4

(i) 2 July 2020 £600m and €500m Hybrid Capital Bonds

The hybrid capital bonds issued in July 2020 have no fixed redemption date, but the Company may, at its sole discretion, redeem all but not part of the capital securities at their principal amount. The date for the first potential discretionary redemption of the £600m hybrid bond is 14 April 2026 and then every 5 years thereafter. The date for the first potential discretionary redemption of the €500m hybrid capital bond is 14 July 2027 and then every 5 years thereafter. For the £600m hybrid the discretionary coupon payments are made annually on 14 April and for the €500m hybrid the coupon payments are made annually on 14 July.

(ii) 12 April 2022 €1,000m Hybrid Capital Bonds

The hybrid capital bond issued in April 2022 has no fixed redemption date, but the Company may, at its sole discretion, redeem all but not part of the capital securities at their principal amount. The date for the first potential discretionary redemption is 21 April 2028 and then every 5 years thereafter. The discretionary hybrid coupon payments are made annually on 21 April.

Coupon payments

In relation to the £600m hybrid equity bond a discretionary coupon payment of £22.4m (2024: £22.4m) was made on 14 April 2024. For the €500m hybrid equity bond a discretionary coupon payment of £16.5m (2024: £16.5m) was made on 14 July 2024 and for the €1bn hybrid equity bond a discretionary coupon payment of £34.8m (2024: £34.2m) was made on 21 April 2024.

The coupon payments in the year to 31 March 2025 consequently totalled £73.7m (2024: £73.1m).

The Company has the option to defer coupon payments on the bonds on any relevant payment date, as long as a dividend on the ordinary shares has not been declared. Deferred coupons shall be satisfied only on redemption; or on a dividend payment on ordinary shares, both of which occur at the sole option of the Company. Interest will accrue on any deferred coupon.

22.6 Equity attributable to non-controlling interests

This relates to equity attributable to non-wholly owned but controlled subsidiaries which are consolidated within the financial statements of the Group. At 31 March 2025 the amount attributable to non-controlling interests is £628.8m (2024: £554.9m restated), which relates to SHET of £589.6m (2024: £514.1m restated) and SSE Pacifico £39.2m (2024: £40.8m). The profit and loss attributable to non-controlling interests for the year ended 31 March 2025 is £69.8m gain (2024: £100.8m gain), which relates to SHET £70.6m gain (2024: £101.5m gain) and SSE Pacifico £0.8m loss (2024: £0.7m loss).

The comparative has been restated. See note 1.2.

Details regarding SHET's principal activity and country of incorporation are included in A3.

SHET's summary financial information is as follows:

	2025 £m	2024 £m
Non-current assets	**6,701.3**	5,579.2
Current assets	**444.9**	337.0
Current liabilities	**(405.5)**	(509.0)
Non-current liabilities	**(4,418.5)**	(3,370.4)
	2,322.2	2,036.8

	2025 £m	2024 £m
Revenue	**807.0**	885.2
Operating profit	**435.5**	565.0
Net finance costs	**(60.3)**	(35.0)
Profit before taxation	**375.2**	530.0
Taxation	**(110.8)**	(132.5)
Profit after taxation	**264.4**	397.5

The summary financial information provided above is presented without Group eliminations, including £480.0m (2024: £780.0m) of internal loans with related interest of £29.0m, other consolidation adjustments of £4.7m and related taxation, which have been eliminated to calculate the non-controlling interest for adjusted profit.

	2025 £m	2024 £m
Net profit	**264.4**	397.5
add/(less):		
Interest elimination	**29.0**	16.2
Other consolidation adjustments	**(4.7)**	–
Current taxation on consolidation adjustments	**(5.9)**	(7.1)
Deferred taxation	**165.4**	102.0
	448.2	508.6
Adjusted net profit attributable to 25% non-controlling interests	**112.1**	127.1

23 Retirement benefit obligations

The Group has two funded final salary pension schemes which provide defined benefits based on final pensionable pay. The schemes are subject to independent valuations at least every three years. The future benefit obligations are valued by actuarial methods based on an appropriate assessment of the relevant parameters.

The Group provides pension benefits to most UK colleagues through SSE Pensions+, a defined contribution master trust agreement with Aviva. The Group generally matches employee contributions up to 6%, and provides additional contributions of 3% after two years and a further 3% after ten years continuous Group service. The Group also operates other pension arrangements, including a defined contribution master trust agreement with Zurich in the Republic of Ireland and an Unfunded Unapproved Retirement Benefit Scheme.

The Group presents its pension scheme valuations under two different measurement bases, an actuarial valuation and an IAS 19 valuation as required by accounting standards. The IAS 19 valuation is used to determine the assets and obligations recognised in the Group's consolidated balance sheet and is calculated annually by scheme actuaries, whereas the formal actuarial valuation is used to determine the contributions the Group makes to each scheme. The actuarial valuation is recalculated for each scheme every three years.

Actuarial valuations

The individual pension scheme details based on the latest formal actuarial valuations are as follows:

	Scottish Hydro Electric	SSE Southern
Latest formal actuarial valuation	31 March 2024	31 March 2022
Valuation carried out by	Hymans Robertson	Aon
Value of assets based on valuation	£1,376.3m	£2,395.6m
Value of liabilities based on valuation	£1,146.1m	£2,475.2m
Valuation method adopted	Projected Unit	Projected Unit
Average salary increase	RPI+0.25%	RPI+0.25%
Average pension increase	RPI	RPI
Value of fund assets/accrued benefits	120.1%	96.8%

Future contributions

Scottish Hydro Electric Pension Scheme

The last triennial actuarial valuation of the scheme was carried out at 31 March 2024 and showed a surplus of £230.2m on a projected unit basis. Following this valuation, the Group agreed to a new schedule of contributions which does not require contributions to be paid to the scheme, unless there is a sustained deficit for two successive quarters on the trustees' long term funding basis. Consequently, the Group has not made contributions to the scheme in the year ending 31 March 2025 and does not expect to make any contributions during the year ended 31 March 2026. The next triennial funding valuation will be carried out as at 31 March 2027.

SSE Southern Group of the Electricity Supply Pension Scheme

The last triennial actuarial valuation of the scheme was carried out at 31 March 2022 and showed a deficit of £79.6m on a projected unit basis. Following this valuation, the Group agreed to a new schedule of contributions which, along with investment returns from return-seeking assets, are expected to make good this shortfall by 31 March 2027. The next funding valuation will be carried out as at 31 March 2025. The Group also pays contributions in respect of current accrual. Total contributions of approximately £26.2m are expected to be paid by the Group during the year ending on 31 March 2026, including deficit repair contributions of £16.0m. Under the current schedule of contributions, the deficit repair contribution will be made until March 2027, increasing in line with inflation each year.

During the year ending 31 March 2025 the Group paid deficit contributions of £15.5m (2024: £16.3m).

Pension summary as measured under IAS 19:

	Scheme type	Net actuarial gain/(loss) recognised in respect of the pension asset in the statement of comprehensive income		Net pension asset	
		2025 £m	2024 £m	**2025 £m**	2024 £m
Scottish Hydro Electric	Defined benefit	**7.7**	(37.1)	**353.7**	339.3
SSE Southern	Defined benefit	**45.1**	(118.1)	**148.1**	82.3
		52.8	(155.2)	**501.8**	421.6

IFRC 14 surplus restrictions

As a result of the Group and the trustees to the Scottish Hydro Electric Pension Scheme agreeing in 2016/17 to an amendment to the scheme rules to clarify that the Company has a clear right to any surplus upon final winding up of the scheme, there are no restrictions on recognition of the scheme surplus. The net pension asset of the Scottish Hydro Electric Scheme at 31 March 2025 was £353.7m (2024: £339.3m).

At 31 March 2025, the SSE Southern Pension Scheme has a net surplus of £148.1m (2024: £82.3m), and unrecognised future contributions of £32.0m (2024: £46.8m), subject to increases in line with inflation. The Group has assessed that it has the right to recognise the current and any future surpluses on the scheme, therefore has not recognised a liability for future unrecoverable contributions.

Other matters

In July 2024 the Court of Appeal upheld the 16 June 2023 High Court ruling in respect of Virgin Media v NTL Pension Trustees II Limited (and others) calling into question the validity of rule amendments made to defined benefit pension schemes contracted-out on a Reference Scheme Test basis between 6 April 1997 and 5 April 2016. Relevant amendments to these pension schemes over this time required confirmation from the Scheme Actuary that the Reference Scheme Test would continue to be met. In the absence of such a confirmation, the Rule amendment would be void. This ruling could have wide ranging implications for many UK pension schemes. A further related case Verity Trustees v Wood is currently awaiting judgement, which is anticipated in the summer of 2025.

At 31 March 2025, the trustees of the Scottish Hydro Electric Pension Scheme and the trustees of the SSE Southern Pension Scheme have engaged legal advisers to review relevant rule amendments and Section 37 Confirmations, but have not yet have made a detailed assessment of the potential impact of these rulings. The defined benefit obligation for the Group's schemes has been calculated on the basis of the pension benefits currently being administered. Any subsequent developments are being monitored by the Group and the pension scheme trustees.

23.1 Pension scheme assumptions

Both schemes have been updated to 31 March 2025 by qualified independent actuaries. The valuations have been prepared for the purposes of meeting the requirements of IAS 19. The major assumptions used by the actuaries in both schemes were:

	At 31 March 2025	At 31 March 2024
Rate of increase in pensionable salaries	**3.3%**	3.4%
Rate of increase in pension payments	**3.0%**	3.1%
Discount rate	**5.8%**	4.8%
Inflation rate	**3.0%**	3.1%

The assumptions relating to longevity underlying the pension liabilities at 31 March 2025 are based on standard actuarial mortality tables, and include an allowance for future improvements in longevity. The assumptions, equivalent to future longevity for members in normal health at age 65, are as follows:

Scottish Hydro Electric

	At 31 March 2025		At 31 March 2024	
	Male	**Female**	Male	Female
Currently aged 65	**22**	**24**	22	24
Currently aged 45	**24**	**26**	24	26

SSE Southern

	At 31 March 2025		At 31 March 2024	
	Male	**Female**	Male	Female
Currently aged 65	**22**	**25**	22	25
Currently aged 45	**24**	**25**	24	26

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23 **Retirement benefit obligations** continued

23.2 Sensitivity analysis

The impact on the schemes' liabilities of changing certain of the major assumptions is as follows:

Scottish Hydro Electric

	At 31 March 2025		At 31 March 2024	
	Increase/ decrease in assumption	**Effect on scheme's liabilities**	Increase/ decrease in assumption	Effect on scheme's liabilities
Rate of increase in pensionable salaries	**0.1%**	**+/– 0.1%**	0.1%	+/– 0.1%
Rate of increase in pension payments	**0.1%**	**+/– 0.6%**	0.1%	+/– 0.7%
Discount rate	**0.1%**	**+/– 0.6%**	0.1%	+/– 0.7%
Longevity	**1 year**	**+/– 1.9%**	1 year	+/– 2.0%

SSE Southern

	At 31 March 2025		At 31 March 2024	
	Increase/ decrease in assumption	**Effect on scheme's liabilities**	Increase/ decrease in assumption	Effect on scheme's liabilities
Rate of increase in pensionable salaries	**0.1%**	**+/– 0.1%**	0.1%	+/– 0.1%
Rate of increase in pension payments	**0.1%**	**+/– 1.2%**	0.1%	+/– 1.2%
Discount rate	**0.1%**	**+/– 1.2%**	0.1%	+/– 1.3%
Longevity	**1 year**	**+/– 3.0%**	1 year	+/– 3.5%

23.3 Valuation of combined pension schemes

	Quoted £m	**Unquoted £m**	**Value at 31 March 2025 £m**	Quoted £m	Unquoted £m	Value at 31 March 2024 £m
Equities	**173.2**	**–**	**173.2**	196.9	–	196.9
Government bonds	**1,180.6**	**–**	**1,180.6**	1,215.3	–	1,215.3
Insurance contracts(i)	**–**	**454.4**	**454.4**	–	500.3	500.3
Other investments	**942.1**	**–**	**942.1**	1,102.7	–	1,102.7
Total fair value of plan assets	**2,295.9**	**454.4**	**2,750.3**	2,514.9	500.3	3,015.2
Present value of defined benefit obligation			**(2,248.5)**			(2,593.6)
Surplus in the schemes			**501.8**			421.6
Deferred tax thereon(ii)			**(125.5)**			(105.4)
Net pension asset			**376.3**			316.2

(i) See details of valuations of insurance contracts in note 23.7(ii).
(ii) Deferred tax rate of 25% (2024: 25%) applied to net pension surplus position.

23.4 Movements in the combined defined benefit assets and obligations during the year

	2025			2024		
	Assets £m	**Obligations £m**	**Total £m**	Assets £m	Obligations £m	Total £m
At 1 April	**3,015.2**	**(2,593.6)**	**421.6**	3,188.6	(2,647.5)	541.1
Included in income statement						
Current service cost	**–**	**(15.0)**	**(15.0)**	–	(16.2)	(16.2)
Past service cost	**–**	**(4.7)**	**(4.7)**	–	(2.4)	(2.4)
Interest income/(cost)	**141.3**	**(120.6)**	**20.7**	148.5	(122.3)	26.2
	141.3	**(140.3)**	**1.0**	148.5	(140.9)	7.6
Included in other comprehensive income						
Actuarial gain/(loss) arising from:						
Demographic assumptions	**–**	**20.9**	**20.9**	–	29.3	29.3
Financial assumptions	**–**	**288.5**	**288.5**	–	53.7	53.7
Experience assumptions	**–**	**1.9**	**1.9**	–	(46.2)	(46.2)
Return on plan assets excluding interest income	**(258.5)**	**–**	**(258.5)**	(192.0)	–	(192.0)
	(258.5)	**311.3**	**52.8**	(192.0)	36.8	(155.2)
Other						
Contributions paid by the employer	**26.4**	**–**	**26.4**	28.1	–	28.1
Scheme participant's contributions	**0.1**	**(0.1)**	**–**	0.1	(0.1)	–
Benefits paid	**(174.2)**	**174.2**	**–**	(158.1)	158.1	–
	(147.7)	**174.1**	**26.4**	(129.9)	158.0	28.1
Balance at 31 March	**2,750.3**	**(2,248.5)**	**501.8**	3,015.2	(2,593.6)	421.6

23.5 Pension scheme contributions and costs

Charges/(credits) recognised:

	2025 £m	2024 £m
Service costs (charged to operating profit)	**19.7**	18.6
(Credited)/charged to finance costs:		
Interest from pension scheme assets	**(141.3)**	(148.5)
Interest on pension scheme liabilities	**120.6**	122.3
	(20.7)	(26.2)

The return on pension scheme assets is as follows:

	2025 £m	2024 £m
Return on pension scheme assets	**(117.2)**	(43.5)

Defined contribution scheme

The total contribution paid by the Group to defined contribution pension schemes was £98.8m (2024: £90.5m).

Unfunded Unapproved Retirement Benefit Scheme ("UURBS") pension costs

The decrease in the year in relation to UURBS was £3.6m (2024: decrease of £6.1m). This is included in Employee related provisions (note 20).

Staff costs analysis

The pension costs in note 8 can be analysed as follows:

	2025 £m	2024 £m
Service costs	**19.7**	18.6
Defined contribution scheme payments	**98.8**	90.5
	118.5	109.1

23 Retirement benefit obligations continued

23.6 Pension scheme risk assessment and mitigation

Risks to which the Pension Schemes exposes the Group

The nature of the Group's defined benefit pension schemes expose the Group to the risk of paying unanticipated additional contributions to the schemes in times of adverse experience. The most financially significant risks are likely to be:

(i) Asset volatility
The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, this will create a deficit. The schemes hold a proportion of growth assets (equities and property) which, though expected to outperform corporate bonds in the long term, create volatility and risk in the short term. The allocation to growth assets is monitored to ensure it remains appropriate given the schemes' long term objectives. The SHEPS has a much lower proportion of growth assets than the SSE Southern Pension Scheme reflecting the maturity of each scheme.

(ii) Changes in bond yields
A decrease in corporate bond yields will increase the value placed on the schemes' liabilities for accounting purposes. However, this will be partially offset by an increase in the value of the schemes' bond holdings and its interest rate hedging in both schemes.

(iii) Inflation risk
The majority of the schemes' benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). However, this will be substantially offset by the inflation hedging in both schemes.

(iv) Life expectancy
The majority of the schemes' obligations are to provide benefits for the life of the members, so an increase in the life expectancy will result in an increase in the liabilities. The sensitivity analysis disclosed is intended to provide an indication of the impact on the value of the schemes' liabilities of the risks highlighted.

(v) Liability versus asset risk
The risk that movement in the value of the schemes' liabilities are not met by corresponding movements in the value of the schemes' assets will expose the Group to movements in the overall funding surplus.

23.7 Risk mitigation

(i) De-risking

The trustees have taken a number of steps to control the level of investment risk including reducing the Schemes' exposures to higher risk assets and increasing the level of protection against adverse movements in interest rates and inflation. The trustees of both schemes continue to review the risk exposures in light of the longer term objectives of the respective schemes, including consideration of the impact of climate-related risk. Detailed below are further details on the hedging of pensioner longevity risk.

(ii) Asset buy-in

On 1 October 2019, the Scottish Hydro Electric Pension Scheme entered into an asset buy-in, transferring the risk of volatility in the assumptions used to calculate the obligation for 1,800 pensioners and 567 dependants (covering c£800m of the scheme's funding liabilities) to a third party. The asset buy-in is valued under the accounting principles of IFRS 13 and is considered a Level 3 instrument in the fair value hierarchy. This is in addition to a previous buy-in completed during the year ended 31 March 2018 when c.£250m of the scheme's assets and liabilities related to 617 pensioners and 190 dependants were transferred to a third party. The Group has now insured against volatility in obligations related to pensioners who retired before 1 October 2019 to third parties (insurer PIC) and is now only exposed to valuation fluctuations related to active and deferred members and any members who retired after 1 October 2019.

(iii) Asset-liability matching strategies used by the Scheme

The Group and trustees of the schemes have agreed a long term investment strategy that seeks to reduce investment risk as and when appropriate. The asset-liability matching strategy is part of this approach which aims to reduce the volatility of the funding level of the pension schemes by investing in assets which perform in line with the liabilities of the schemes so as to protect against inflation being higher than expected. This has been adopted for a proportion of the schemes' assets, which is designed to provide partial protection against adverse movements in interest rates and inflation. The trustees of the respective schemes review the schemes' asset allocation on an ongoing basis in light of changes in the funding position and market opportunities.

23.8 Risk assessment

(i) Maturity profile of the defined benefit obligations

The weighted average duration of the defined benefit obligation is 14 years (2024: 17 years) for the Scottish Hydro Electric Pension Scheme and 12 years (2024: 13 years) for the SSE Southern Pension Scheme.

(ii) Information about the defined benefit obligations

Status of members is weighted by the liabilities of each scheme

	Scottish Hydro Electric %	SSE Southern %
Active members	**17**	**16**
Deferred members	**12**	**8**
Pensioners	**71**	**76**
	100	**100**

23.9 Pension scheme policies

(i) Recognition of gains and losses

The Group recognises actuarial gains and losses in the statement of other comprehensive income following the re-measurement of the net defined benefit liabilities of the schemes.

(ii) Methods and assumptions used in preparing the sensitivity analyses

The sensitivities disclosed are calculated using approximate methods taking into account the duration of the schemes' liabilities. While these have been calculated consistently with the previous financial year, the method applied may change over time with financial conditions and assumptions.

(iii) Asset recognition

The Group has recognised net pension assets in relation to the Scottish Hydro Electric and SSE Southern pension schemes due to a surplus existing under IAS 19 accounting. The Group will only recognise a surplus should it have rights to that surplus under the rules of the pension scheme. The Group no longer applies the "asset ceiling" restriction mandated by IFRIC 14. Details on this key accounting consideration are provided above.

(iv) Fair value assessment of scheme assets

The Group seeks to assess whether there is a quotable market value (referenced as "quotable" above) in relation to pension scheme assets held. This assessment is based on regular reviews conducted in conjunction with the trustees of the schemes. For assets where no quotable market value exists, these assets will be valued based on a set methodology agreed by trustees and scheme advisors and then regularly assessed.

Currently only one unquotable value exists within the two pension schemes of the Group, this being qualifying insurance contracts (or "buy-in") held by the Scottish Hydro Electric Pension Scheme. These assets are currently valued consistently with the scheme's liabilities with the expected return on these assets being set equal to the discount rate.

24 Financial instruments

For financial reporting purposes, the Group has classified derivative financial instruments into two categories, operating derivatives and financing derivatives. Operating derivatives include all qualifying commodity contracts including those for electricity, gas, oil, and carbon and the post-day 1 fair value movements on non-government backed contracts for difference in SSE Renewables. Financing derivatives include all fair value and cash flow interest rate hedges, non-hedge accounted (mark-to-market) interest rate derivatives, cash flow foreign exchange hedges and non-hedge accounted foreign exchange contracts. Non-hedge accounted contracts are treated as held for trading.

The Group provides guarantees in respect of certain activities of former subsidiaries and to certain current joint venture investments. As permitted by IFRS 17 "Insurance Contracts", the Group elected to apply the valuation principles of IFRS 9 to these contracts.

24.1 Financial instruments – income statement

	2025 £m	2024 £m
Operating derivatives		
Total result on operating derivatives[i]	**92.9**	(573.1)
Less: amounts settled[ii]	**(141.9)**	1,025.3
Movement in unrealised derivatives	**(49.0)**	452.2
Financing derivatives (and hedged items)		
Total result on financing derivatives[i]	**63.6**	370.6
Less: amounts settled[ii]	**(50.8)**	(364.5)
Movement in unrealised derivatives	**12.8**	6.1
Financial guarantee liabilities		
Total result on financial guarantee liabilities[iii]	**1.9**	12.5
Net income statement impact	**(34.3)**	470.8

(i) Total result on derivatives in the income statement represents the total amounts credited (or charged) to the income statement in respect of operating and financial derivatives, and is shown as certain re-measurements in note 7.
(ii) Amounts settled in the year represent the result on derivatives transacted which have matured or been delivered and have been included within the total result on derivatives, and is shown as certain re-measurements in note 7.
(iii) Total result on financial guarantee liabilities in the income statement represents the total amounts credited or (charged) to the income statement in respect of the unwind of the financial liabilities and recognition of new or expiring contracts.

The movement in unrealised operating derivative excludes a £11.1m loss (2024: £8.8m loss) on proprietary trades, which has been recognised in the underlying profit of the Group.

24 Financial instruments continued

24.2 Financial instruments – balance sheet

The derivative financial assets/(liabilities) are represented as follows:

Derivative financial assets	2025 £m	2024 £m
Non-current	**63.5**	64.2
Current	**178.4**	536.1
Total derivative assets	**241.9**	600.3
Derivative liabilities		
Non-current	**(167.7)**	(222.2)
Current	**(126.3)**	(345.2)
Total derivative liabilities	**(294.0)**	(567.4)
Net derivative (liability)/asset	**(52.1)**	32.9

The financial guarantee liabilities are represented as follows:

Financial guarantee liabilities	2025 £m	2024 £m
Non-current	**(23.1)**	(36.4)
Current	**(2.4)**	(3.1)
Total guarantee liabilities	**(25.5)**	(39.5)

Information on the Group's financial risk management and the fair value of financial instruments is available at A6 and A7.

25 Commitments and contingencies

25.1 Capital commitments

Capital expenditure	2025 £m	2024 £m
Contracted for but not provided	**4,438.3**	1,389.2

Contracted for but not provided capital commitments include the fixed contracted costs of the Group's major capital projects. In practice contractual variations may arise on the final settlement of these contractual costs. The increase from the prior year relates primarily to Transmission projects.

25.2 Contingent liabilities

Contingent liabilities for the Group solely relate to SSE plc, and have been disclosed within note 13 to the Company Financial Statements.

Accompanying information

A1 Basis of consolidation and significant accounting policies

A1.1 Basis of consolidation

The financial statements consolidate the results of the Company and its subsidiaries together with the Group's share of the results and net assets of its interests in joint arrangements and associates. Where necessary to ensure consistency, the accounting policies of the subsidiaries, joint arrangements or associates have been adjusted to align to the accounting policies of the Group. Intra-Group balances and any unrealised gains and losses or income and expenses arising from Intra-Group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains and losses arising from transactions with joint arrangements and associates are eliminated to the extent of the Group's interest in the entity. Non-controlling interests represent the equity in subsidiaries that is not attributable, either directly or indirectly, to SSE plc shareholders.

Subsidiaries (Accompanying Information A3)

Subsidiaries are those entities controlled by the Group or the Company. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity in order to obtain variable returns from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries acquired are consolidated in the financial statements of the Group from the date that control commences until the date control ceases. Transactions with non-controlling interests that relate to their ownership interests and do not result in a loss of control are accounted for as equity transactions.

Interests in joint arrangements and associates (note 16 and Accompanying Information A3)

Joint arrangements, as defined by IFRS 11 "Joint Arrangements", are those arrangements that convey to two or more parties "joint control". Joint control exists when decisions about the "relevant activities", being the financial, operational or strategic policies of the arrangement, are made with the unanimous consent of the parties sharing control. Whilst this assessment is principally focused on any "reserved matters", being the material activities that typically require all significant shareholders to approve, other contractual agreements such as Power Purchase Agreements and Management Services Agreements are also considered. The Group's investments in joint arrangements are classified as either joint operations or joint ventures depending on the investee's legal form and the investor's contractual rights and obligations over the assets and liabilities of the investee.

Associates are those investments over which the Group has significant influence but neither control nor joint control.

The Group's interests in its joint operations are accounted for by recognising its share of the assets, liabilities, revenue and expenses of the operation. The Group's share of revenue from Greater Gabbard is eliminated on consolidation due to the offtake agreement where the Group purchases its share of the output from the arrangement.

The Group's joint ventures and associates are accounted for using the equity method of accounting where the joint venture and associate net investments (comprising both equity and long term loans) are carried at historical cost plus the Group's share of post-acquisition results, less any impairment in value. Where an impairment is recognised against the carrying value of an investment, it is recognised within the operating costs line of the consolidated financial statements. For those investments that were formerly subsidiaries of the Group, this will also include any fair value uplift arising from loss of control. The Group recognises its share of the results of these equity-accounted operations after tax and interest in the income statement.

Foreign currencies

The consolidated financial statements are presented in pounds Sterling, which is the functional currency of the parent. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured accordingly.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Any gain or loss arising on the restatement of such items is taken to the income statement as a finance cost, with the exception of exchange gains or losses on foreign currency borrowings that provide a hedge against a net investment in a foreign entity or exchange gains or losses incurred as part of a qualifying cash flow hedge. These exchange gains or losses are transferred to the translation reserve to the extent the hedge is effective. Non-monetary assets that are measured in terms of historical cost in a foreign currency are translated at the historic rate at the date of transaction.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into pounds Sterling at the balance sheet closing rate. The results of these operations are translated at the average rate in the relevant period. Exchange differences on retranslation of the opening net assets and the results of foreign operations are transferred to the translation reserve and are reported in the consolidated statement of comprehensive income.

The average and spot rates for the principal functional currencies that the Group's foreign operations are denominated in are shown in the table below.

		2025	2024	Change
EUR v GBP	Year end spot rate	**1.1938**	1.1697	2.1%
	Average spot rate	**1.1946**	1.1694	2.2%
US$ v GBP	Year end spot rate	**1.2907**	1.2623	2.2%
	Average spot rate	**1.2915**	1.2710	1.6%
JPY v GBP	Year end spot rate	**193.4770**	191.0290	1.3%
	Average spot rate	**192.5154**	190.4400	1.1%

A1.2 Significant accounting policies

Revenue (note 5)

Revenue from contracts with customers is recognised to the extent that it reflects the expected consideration for goods or services provided to the customer under contract, over the performance obligations they are being provided. For each separable performance obligation identified, the Group determines whether it is satisfied at a "point in time" or "over time" based upon an evaluation of the receipt and consumption of benefits, control of assets and enforceable payment rights associated with that obligation. If the criteria required for "over time" recognition are not met, the performance obligation is deemed to be satisfied at a "point in time".

Revenue principally arises as a result of the Group's activities in energy production, storage, transmission, distribution, supply and related services in the energy markets in Great Britain and Ireland. The key policies applied by each Business Unit are as follows:

A1 Basis of consolidation and significant accounting policies continued

A1.2 Significant accounting policies continued

Transmission

Use of electricity transmission networks
Revenue from use of electricity transmission networks is derived from the allowed revenue as defined by the parameters in the relevant electricity transmission licence, which informs the tariffs set.

Electricity transmission revenue is determined in accordance with the regulatory licence, based on an Ofgem approved revenue model and is recognised "over time" as charged to National Grid. Where this revenue differs from the allowed revenue, there may be an over- or under-recovery of revenue which will be reflected in future financial years' allowed revenue as set out in the regulatory licence. No accounting adjustments are made for over- or under-recoveries in the year that they arise as they are contingent on future events (being the transmission of electricity in a future period). The over or under recovery adjustment is recognised in the subsequent period when included within the tariffs that form allowed revenue under the regulatory agreement.

Transmission network contracted services
Where the Group has an ongoing obligation to provide contracted services (transmission network connections), revenues are recognised "over time" consistent with the customer receiving and consuming the benefits of that service across the expected contractual service period. Any assets constructed in order to deliver the service are capitalised and depreciated over their useful life. Payments are typically received from customers in advance of providing the contracted service and are deferred on balance sheet. No extended warranty periods are offered.

Distribution

Use of electricity distribution networks
Revenue from use of electricity distribution networks is derived from the allowed revenue as defined by the parameters in the relevant electricity distribution licence, which informs the tariffs set.

Electricity distribution revenue is recognised based on the volume of electricity distributed "over time", as use of distribution service is determined by the customer, and the set customer tariff. As with electricity transmission revenue, any over- or under-recovery of revenue is reflected in future financial years' allowed revenue as set out in the regulatory licence. No accounting adjustments are made for over- or under-recoveries in the year that they arise as they are contingent on future events (being the distribution of electricity in a future period). The over or under recovery adjustment is recognised in the subsequent period when included within the tariffs that form allowed revenue under the regulatory agreement. The policy also applies to the Group's independent network business reported within Thermal.

Distribution network contracted services
Where the Group has an ongoing obligation to provide contracted services (such as for distribution network connections), revenues are recognised "over time" consistent with the customer receiving and consuming the benefits of that service across the expected contractual service period. Any assets constructed in order to deliver the service are capitalised and depreciated over their useful life. Payments are typically received from customers in advance of providing the contracted service and are deferred on balance sheet. The release of deferred income on customer or third party funded additions is removed from the Group's adjusted EBITDA measure. No extended warranty periods are offered.

Renewables

Electricity generation
Revenue from the physical generation of electricity is recognised "point in time" as generated and supplied to the national settlements body. Revenue is measured at either the spot price at the time of delivery, or trade price where that trade is eligible for "own use" designation.

Renewables contracted services
Revenue from national support schemes, such as Renewable Obligation Certificates, is recognised at the point the performance obligation has been met. This is typically considered to be either at the point electricity has been physically generated or over the contractual period, depending on the underlying performance obligation. Revenue is measured either at the market rate at the point of generation, or at the fixed contractual consideration, depending on the individual scheme mechanic.

Revenue from other ancillary generation services is recognised "over time" consistent with the customer receiving and consuming the benefits of those services across the expected contractual service period, and at the contracted consideration.

Thermal

Electricity generation
Revenue from the physical generation of electricity is recognised "point in time" as generated and supplied to the national settlements body. Revenue is measured at either the spot price at the time of delivery, or trade price where that trade is eligible for "own use" designation.

Gas storage
Revenue from gas storage trading activities is recognised "point in time" as injected back into the gas network. Revenue is measured at the spot price at the time of delivery.

Thermal Generation contracted services
Revenue from national support schemes, such as the Capacity Market mechanism, is recognised at the point the performance obligation has been met. This is typically considered to be either at the point electricity has been physically generated or over the contractual period, depending on the underlying performance obligation. Revenue is measured either at the market rate at the point of generation, or at the fixed contractual consideration, depending on the individual scheme mechanic.

Revenue from other ancillary generation services is recognised "over time" consistent with the customer receiving and consuming the benefits of those services across the expected contractual service period, and at the contracted consideration.

Customers

Supply of energy
Revenue on the supply of energy comprises sales to domestic (in Ireland) and business end-user customers (in GB and Ireland) is based on actual energy consumption including an estimate of the value of electricity and gas supplied to customers between the date of the last meter reading and the year end. Revenue is recognised "over time" consistent with the delivery of energy to the customer as the receipt and consumption of the benefits of the energy is considered to be simultaneous. Revenue is measured based on the applicable customer tariff rate and after deduction of any applicable contractual discounts.

Details of the judgements involved in the estimation process for the value of electricity and gas supplied to GB Business customers is given within note 4.1(iii).

Payments from customers may be received in advance of providing the contracted service and are deferred on balance sheet. Amounts received from customers in relation to energy management services provided by Third Party Intermediaries ("TPIs") are offset against payments to those TPIs, reflecting the responsibility for providing the energy management service.

Energy related services
Where the Group has an ongoing obligation to provide contracted energy related services, revenues are recognised "over time" consistent with the customer receiving and consuming the benefits of that service across the expected contractual service period at the fixed contracted rate. Where the Group has an obligation to perform a specific service, revenues are recognised "point in time", following performance of the service at the fixed contracted consideration. No extended warranty periods are offered.

SSE Energy Markets

Commodity optimisation and other services
Income from sales commodity optimisation trading occurring in any business unit is presented net in cost of sales alongside purchase commodity optimisation trades. Revenue on physical power and gas supplied is recognised "point in time" as delivered to the national settlements body or third parties. Revenue is measured at either the spot price at the time of delivery, or trade price where that trade is eligible for "own use" designation.

Revenue arising on commodities purchased in excess of the Group's requirements and recorded as inventory assets, such as Renewables Obligation Certificates, REGOs or carbon allowances, is recognised "point in time" on disposal of these inventory assets to third parties.

Revenue from other ancillary services is recognised "over time" consistent with the customer receiving and consuming the benefits of those services across the expected contractual service period, and at the contracted consideration.

Aside from where specifically noted above, consideration is due when the performance obligation has been satisfied. As the period between satisfaction of the performance obligation and receipt of consideration from the customer is expected to be less than a year, the Group has applied the practical expedient not to adjust revenue for the effect of any financing components.

Revenue from sources other than the Group's contracts with customers principally comprise meter rental income included within Corporate unallocated (previously within the SSE Enterprise business), and Contract for Difference income.

Income on meter rental agreements, which are classified as operating leases, are presented as revenue where they relate to the core operating activities of that business. Lease payments are recognised as income on a straight-line basis over the lease term.

Where the Group earns income from an asset during the commissioning period, the income is recognised in the income statement as revenue in accordance with the relevant asset accounting policy set out above.

Other operating income – Government Grants (note 6)

Under government customer support schemes, licensed energy suppliers are required to provide a discount on gas and electricity prices to customers. The level of discount applied to each customer varies dependent upon energy tariff and support scheme applicable to each customer. Where SSE provided a discount to customer through reduction of energy bill, the cost of applying these discounts is recovered from the Government. The amounts reclaimed under this scheme are recognised as government grant income within Other Operating Income in the consolidated income statement.

For the year ended 31 March 2025 the most significant customer support scheme administered by the Group was the Irish Government Electricity Costs Emergency Benefit Scheme IV applicable to eligible domestic electricity customers in the Republic of Ireland. The scheme was administered by SSE Airtricity with credits applied to customers' accounts, following receipt of funding from the Irish Government (see note 6).

Contracts for Difference ("CfD") are agreements between a low carbon electricity generator and the Low Carbon Contracts Company ("LCCC"), a UK Government owned entity responsible for delivering support mechanisms for low-carbon electricity generation. These agreements are not considered to be contracts with a customer, as the LCCC does not receive any goods or services from the generator. These arrangements are instead considered to be Government Grants, with income arising from these grants recognised in the income statement in the period in which generation takes place. In the year, the Group recognised no income or expense (2024: none) related to Contracts for Difference with the LCCC within its wholly owned subsidiaries. The Group's joint venture investment, Beatrice Offshore Windfarm Limited, has a CfD with the LCCC which resulted in payments from the LCCC of £245.7m in the year with SSE's share of £98.3m recognised within share of profit (2024: £217.3m, with SSE's share of £86.9m recognised within share of profit). The Group's wholly owned Viking wind farm and joint venture investments Seagreen Wind Energy Limited, and Doggerbank A & B, which are currently under construction, also have a CfD arrangement in place with the LCCC. The LCCC government agreements for Viking, Seagreen and Doggerbank are not yet effective and as such no income or cost was recognised during the year.

Where the CfD strike price falls below the spot price of generation and payments are made to the LCCC, these payments are expensed as incurred within operating costs. See "financial instruments" below for the Group's policy in relation to commercial Contracts for Difference.

Presentation of grants related to assets
Income received from Government towards the capital cost of an asset are deducted from the carrying value presented in the financial statements.

Cost of sales (note 6)

Cost of sales includes fuel and energy purchases, direct employee benefits, and depreciation of electricity generation property, plant and equipment.

The net result from sales and purchases of commodity optimisation trades – comprising both realised and unrealised gains and losses arising from optimisation trading activities – is also presented within cost of sales, reflecting the underlying economic purpose of this trading activity.

Finance income and costs (note 9)

Interest income and costs are recognised in the income statement as they accrue, on an effective interest method. The issue costs and interest payable on bonds and all other interest payable and receivable is reflected in the income statement on the same basis.

Interest on the funding attributable to major capital projects is capitalised during the period of construction and depreciated as part of the total cost over the useful life of the asset.

The accounting policy for foreign exchange translation of monetary assets and liabilities is described on page 229 and for lease liability charges on page 234.

A1 Basis of consolidation and significant accounting policies continued

A1.2 Significant accounting policies continued

Taxation (note 10)

Taxation on the profit for the year comprises current and deferred tax. Taxation is recognised in the income statement unless it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is calculated using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities other than in business combinations that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax assets and liabilities are offset where there is a legally enforceable right of offset within the same tax authority and where the Group intends to either settle them on a net basis, or to realise the asset and settle the liability simultaneously. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

During the previous financial year, Finance (No.2) Act 2023 was enacted, bringing the Electricity Generator Levy ("EGL") into force, which is effective for periods from 1 January 2023 to 31 March 2028. The Group has assessed that the EGL has the characteristics of a levy rather than an income tax. The Group therefore recognises the costs associated with the levy for within cost of sales.

Business Combinations (note 12)

The acquisition of subsidiaries, and joint operations that meet the definition of a business, is accounted for under the acquisition method as defined by IFRS 3 "Business Combinations".

The cost of acquisition is measured as being the aggregate fair value of consideration to be transferred at the date control is obtained. Goodwill is measured at the acquisition date as the fair value of consideration transferred, plus non-controlling interests, less the net recognised amount (which is generally fair value) of the identifiable assets and liabilities assumed. Goodwill is subject to an annual review for impairment (or more frequently if necessary) in accordance with the Group's impairment accounting policy.

Contingent consideration is classified as a liability and subsequently re-measured through the income statement. Acquisition costs are expensed as incurred.

Changes in ownership that do not result in a change of control are accounted for as equity transactions.

Held for sale assets and liabilities and discontinued operations

Non-current assets are classified as held for sale if their recoverable value is likely to be recovered via a sale or distribution as opposed to continued use by the Group. In order to be classified as assets held for sale, assets must meet all of the following conditions: the sale is highly probable; it is available for immediate sale; it is being actively marketed; and the sale is likely to occur within one year.

Assets that qualify as held for sale and related liabilities are disclosed separately from other assets and liabilities in the balance sheet prospectively from the date of classification. Non-current assets determined as held for sale are measured at the lower of carrying value and fair value less costs to sell, no depreciation is charged in respect of these assets after classification as held for sale.

Assets or groups of assets and related liabilities that qualify as held for sale are classified as discontinued operations when they represent a separate major line of business or geographical area, are part of a single plan to dispose of a separate major line of business or geographical area or are acquired exclusively with a view to resale. Income and expenses relating to these discontinued operations are disclosed in a single net amount after taxes in the income statement, with comparative amounts re-presented accordingly.

Intra-Group balances and any unrealised gains and losses or income and expenses arising from trading between continuing and discontinued operations continue to be eliminated in preparing the consolidated financial statements.

Intangible assets (note 13)

Goodwill and impairment testing

Goodwill arising on a business combination represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary, associate or joint venture at the date of acquisition. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment at least on an annual basis.

For the purpose of impairment testing, goodwill is allocated on initial recognition to the cash-generating units or groups of CGUs expected to benefit from the combination's synergies. The CGUs (or groups of CGUs) used for goodwill impairment testing purposes will represent how goodwill was attributed but may not represent reportable business segments.

Goodwill may also arise upon investments in joint arrangements and associates. Goodwill arising on a joint operation is recorded as a separate asset and any impairment loss is recognised in the income statement. Goodwill arising on a joint venture or associate is recorded within the carrying amount of the Group's investment and any impairment loss is included within the share of result from joint ventures and associates. On disposal or closure of a previously acquired investment or business, any attributed goodwill will be included in determining the profit or loss on disposal.

Allowances and certificates

Allowances and certificates consist of purchased carbon emissions allowances and generated or purchased obligations certificates. These allowances and certificates will be utilised in settlement of environmental obligations incurred by the Group's Thermal and SSE Business Energy businesses.

The EU Emissions Trading Scheme ("EU ETS") has been in operation since 1 January 2005, with the Group operating under the established EU ETS carbon pricing system from that date. Since 1 January 2021, following Brexit, the UK Government has established a UK Emissions Trading Scheme ("UK ETS") to replace the EU ETS with the Group's UK generation assets now operating under the UK ETS carbon pricing system. The Group continues to hold EU ETS certificates to settle obligations arising through the activities of its Irish Thermal generation assets. Carbon allowances purchased are recorded at cost within intangible assets. Forward carbon contracts are measured at fair value with gains or losses arising on re-measurement being recognised in the income statement. A liability is recognised based on the level of emissions recorded. Up to the level of allowances held, including forward carbon contracts, the liability is measured at the cost of purchase. When the carbon emission liability exceeds the carbon allowances held, the difference is measured at market value selling price. Subsequent movements in market value are prospectively recognised in operating profit.

The carbon allowance intangible asset is surrendered at the end of the compliance period to the extent requested reflecting the consumption of the economic benefit and is recorded as being utilised. As a result, no amortisation is booked but an impairment charge may be recognised should the carrying value of allowances exceed market or fair value.

Under the Renewable Obligations Certificates scheme, certificates obtained from own generation are awarded by a third party, Ofgem. ROCs can be traded with third parties and are ultimately used by suppliers to demonstrate to Ofgem that they have met their obligation to source a set proportion of the electricity they supply from renewable sources. The value of a ROC to a supplier comprises two elements: the "buy-out" price which is set annually in advance of the compliance period by Ofgem; and the "recycle" price which is determined after the compliance period by Ofgem. The recycle price element is estimated at the balance sheet date based on assumptions at that point in time around likely levels of renewable generation and supply over the remaining compliance period, and is therefore subject to possible future variation.

Where ROCs are self-generated or purchased to fulfil the Group's liability under the renewable obligation, they are recorded at market value at the point of generation or purchased within intangible assets. The Group can hold ROCs in excess of the Group's renewables obligation, which, due to limited evidence of liquidity or net settlement for ROC trades, are recorded at the lower of cost or net realisable value within inventories. Similarly, the fair value of any forward contracts entered into at the balance sheet date for the purchase or sale of ROCs in future periods are not recognised, as there is insufficient liquidity for net settlement. The Group's liability under the renewable obligation is recognised based on electricity supplied to customers, the obligation level set by Ofgem and the prevailing market price.

The Group's SSE Business Energy segment has a requirement under certain customer supply agreements to demonstrate the origin of electricity supplied to customers generated by renewable sources. Renewable Energy Guarantees of Origin certificates ("REGOs") are procured from third parties or generated by the Group's Renewable accredited assets and retained for surrender under the scheme. Tickets that are held to be surrendered are recorded as intangible assets at the prevailing market rate in line with the external obligation. Excess tickets held by the Group are held in inventories at the lower of cost or net realisable value.

The ROCS and REGO intangible assets are surrendered at the end of the compliance period reflecting the consumption of economic benefit and release of the associated liability. As a result, no amortisation is recorded during the period.

Research and development
Expenditure on research activities is charged to the income statement as incurred.

Expenditure on development activities is capitalised as intangible assets if the project or process is considered to be technically and commercially feasible and the Group intends to complete the project or process for use or for sale. Development projects include wind farm developments, battery storage and solar developments, thermal generation projects and other developments relating to proven technologies. Costs incurred in bringing these projects to the consent stage include options over land rights, planning application costs and environmental impact studies and may be costs incurred directly or part of the fair value exercise on acquisition of an interest in a project. At the point that the project reaches the consent stage and is approved by the Board, the carrying value of the project is transferred to property, plant and equipment as assets under construction. Revenue and costs incurred through pre-commissioning testing activities are reflected in the income statement. Once in operation, depreciation will be charged over the expected useful life of the asset. The asset is derecognised on disposal, or when no future economic benefits are expected to arise.

Software assets
Software assets that have been acquired separately by the Group are stated at cost less accumulated amortisation and impairment losses. Expenditure on internally developed software assets and application software licences includes contractors' fees and directly attributable labour and overheads. Amortisation is charged to the income statement on a straight-line basis over the estimated useful life of these assets. The amortisation periods utilised are as follows:

	Years
Developed software assets and application software licences	3–15

The useful lives of all the intangible assets are reviewed annually and amended, as required, on a prospective basis. Intangible assets are derecognised on disposal, or when no future economic benefits are expected from their use.

Cloud computing arrangements
The Group has contracts for Software as a Service ("SaaS") and Platform as a Service ("PaaS") Cloud Computing Arrangements. Where the Group does not control the underlying assets in these arrangements, costs are expensed as incurred. Implementation costs in respect of these contracts are capitalised when the definition and recognition criteria of an intangible asset under IAS 38 are met.

Property, plant and equipment (note 14)

Owned assets
Items of property, plant and equipment are stated at cost less accumulated depreciation and impairments. The cost of self-constructed assets includes the cost of materials, direct labour and other directly attributable costs. Where the asset is a qualifying asset, for which a considerable period of time is required to prepare the asset for use or sale, borrowing costs will be capitalised as part of the asset's cost. Where an item of property, plant and equipment comprises major components having different useful lives, the components are accounted for as separate items of property, plant and equipment, and depreciated accordingly. An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected to arise from the continued use of the asset.

A1 Basis of consolidation and significant accounting policies continued

A1.2 Significant accounting policies continued

Property, plant and equipment (note 14) continued

Right of use assets

Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where a modification to a lease agreement decreases the scope of the lease, the carrying amount of the right of use asset is adjusted and a gain or loss is recognised in proportion to the decrease in scope of the lease. All other modifications to lease agreements are accounted for as a reassessment of the lease liability with a corresponding adjustment to the right of use asset.

Hydro civil assets

The Group is obliged under the Reservoirs Act 1975 to maintain its hydro infrastructure network, including its dams, tunnels and other hydro civil engineering structures (hydro civil assets). All items of property, plant and equipment within hydro civil assets, with the exception of land, are subject to depreciation.

In accordance with the transition provisions of IFRS 1 "First-time Adoption of IFRS", the Group identified the carrying value of these assets at privatisation and has treated this value as deemed cost. Following this assessment, the assets, and all subsequent enhancement and replacement expenditure, has been subject to depreciation over a useful economic life of 75 years. All subsequent maintenance expenditure is chargeable directly to the income statement.

Depreciation

Depreciation is charged to the income statement to write off cost, less residual values, on a straight line basis over their estimated useful lives. Heritable and freehold land is not depreciated. Depreciation policy, useful lives and residual values are reviewed at least annually, for all asset classes to ensure that the current method is the most appropriate. Depreciation commences following the asset commissioning period and when the asset is available for commercial operation. The estimated useful lives for assets depreciated on a straight line basis are as follows:

	Years
Hydro civil assets (classified within Renewable power generation assets)	75 to 100
Thermal and hydro power stations including electrical and mechanical assets (classified within Thermal power generation assets)	20 to 60
Onshore wind farms (classified within Renewable power generation assets)	20 to 25
Offshore wind farms (classified within Renewable power generation assets)	23 to 30
Gas storage facilities (classified within Other assets)	25 to 50
Overhead lines, underground cables and other network assets (classified within Distribution or Transmission network assets)	5 to 80
Office buildings (classified within Land and buildings)	30 to 40
Fixtures, IT assets, vehicles and mobile plant (classified within Other assets)	3 to 15

Assets held under leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease agreement.

Subsequent expenditure

It is the Group policy to capitalise qualifying replacement expenditure and depreciate it over the expected useful life of the replaced asset. Replaced assets are derecognised at this point and the costs recorded as costs of disposal. Where an item of property, plant and equipment is replaced and it is not practicable to determine the carrying amount of the replaced part, the cost of the replacement adjusted for inflation will be used as an approximation of the cost of the replaced part at the time it was acquired or constructed.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits of the item of property, plant and equipment to which it relates. Maintenance and repair costs are expensed as incurred.

Derecognition

An item of property, plant or equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains and losses on disposals are determined by comparing the proceeds received with the carrying amount of the asset and are included in the income statement. Any gain or loss on derecognition of the asset is included in the income statement in the period of derecognition.

Lease arrangements (note 21)

Lease arrangements are separately distinguished from service contracts based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. If the Group is deemed to control the use of an identified asset, a right of use asset and a corresponding lease liability are recognised on the balance sheet.

Right of use assets are capitalised and held as part of property, plant and equipment. The accounting policy for such arrangements is described above.

Lease liabilities are initially measured at the present value of the future lease payments discounted using the rate implicit in the lease if that can be readily determined. If the interest rate implicit in the lease cannot be readily determined the incremental borrowing rate is used. Where the interest rate implicit in the lease is not readily determinable, the Group has applied the intercompany borrowing rate which is based on the Group's external medium-term borrowing rates with premia adjustments for any subsidiary specific risk factors.

In determining whether any break and/or extension clauses should be included within the lease term, the Group has considered that where an internal decision has been made to break or extend the lease agreement, that decision shall be applied in determining the appropriate lease term. Where an internal decision has not been made, and where the non-cancellable element of the lease term has longer than five years remaining, it is considered that any clauses will not be triggered as any decision beyond that date is not reasonably certain. For all leases with less than five years remaining, an assessment is made at each reporting period on a lease-by-lease basis on whether the clause is reasonably certain to be triggered. Reassessment of break and/or extension judgements made in prior periods could result in recalculation of the lease liability and adjustments to associated balances.

The lease liability is subsequently adjusted for the unwind of discounting, repayments and other modifications to the underlying agreement. Lease modifications are accounted for as a separate lease where the scope of the lease increases through the right to use one or more underlying assets and where the consideration of the lease increases by an amount that is equivalent to the standalone price of the increase in scope. Where a modification decreases the scope of the lease, the carrying amount of the right of use asset is adjusted and a gain or loss is recognised in proportion to the decrease in scope of the lease.

All other modifications are accounted for as a reassessment of the lease liability with a corresponding adjustment to the right of use asset.

Leases with a duration of 12 months or less and leases for assets which are deemed "low value" are expensed to the income statement on a straight-line basis over the lease term.

Impairment review (note 15)

The carrying amounts of the Group's property, plant and equipment and other intangible assets and the Group's investments in joint ventures and associates, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, or where there are indications that a previously recognised impairment loss has reduced. For property, plant and equipment assets that have previously been identified as exhibiting indications of impairment, the review of impairment will be performed annually until there is sufficient evidence to confirm that any potential impairment loss has been appropriately recognised, or until previously recognised impairment losses have been fully written back. For goodwill and other intangible assets with an indefinite life or which are not yet ready for use, the test for impairment is carried out annually. In addition, financial assets measured at amortised cost are also reviewed for impairment annually.

For assets subject to impairment testing, the asset's carrying value is compared to the asset's (or cash-generating unit's, in the case of goodwill), recoverable amount. The recoverable amount is determined to be the higher of the fair value less costs to sell ("FVLCS") and the value-in-use ("VIU") of the asset or cash-generating unit ("CGU"). For financial assets measured at amortised cost the impairment is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

If the carrying amount of the asset or CGU exceeds its recoverable amount, an impairment charge will be recognised immediately in the income statement. Reversals of previous impairment charges are recognised if the recoverable amount of the asset or CGU significantly exceeds the carrying amount. Previous impairments of goodwill are not reversed.

VIU calculations require the estimation of future cash flows to be derived from the respective assets (or CGUs) and the selection of an appropriate discount rate in order to calculate their present value. The VIU methodology is consistent with the approach taken by management to evaluate economic value and is deemed to be the most appropriate for reviews of property, plant and equipment assets and the Group's identified goodwill-related CGUs.
The methodology is based on the pre-tax cash flows arising from the specific assets, underlying assets or CGUs, and discounted using a pre-tax discount rate based on the Group's cost of funding and adjusted for any specific risks. The estimation of the timing and value of underlying projected cash flows and the selection of appropriate discount rates involves management judgement. Subsequent changes to these estimates or judgements may impact the carrying value of the assets.

The fair value less costs to sell methodology also uses a present value technique, unless there is a quoted price in an active market for that asset. The methodology is based on the post-tax cash flows arising from the specific assets, underlying assets or CGUs, and discounted using a post-tax discount rate determined in the same manner as the rates used in the VIU calculations, adjusted for the relevant taxation rate.

Any impairment charge identified will initially be adjusted against the goodwill allocated to the cash-generating unit. Any excess charge will be allocated against the remaining assets of the cash-generating unit. Reversals of previous impairment charges are allocated against the carrying value of assets previously subject to an impairment charge.

Inventories (note 17)

Inventories – aside from inventory purchased by the Gas Storage business for trading activities – are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Gas inventory purchased by the Gas Storage business for trading activities is held at fair value with reference to the forward month market price. Gains and losses on re-measurement at fair value are recognised within the income statement, as a "certain re-measurement" item.

Provisions (note 20)

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, it can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Decommissioning

The Group engages independent experts to estimate the cost to decommission its Renewable (Wind, Solar and Battery assets), Thermal and Gas Storage assets every three years. In the intervening years, management updates the external valuation based on factors arising since the last formal valuation date. Provision is made for the net present value of the estimated cost of decommissioning gas storage facilities, wind farms and power stations at the end of the useful life of the facilities. This includes development assets, where if a present obligation exists, a provision is recognised during construction and prior to commencement of operations from the site. The estimates are based on technology and prices at the balance sheet date and exclude any salvage value related to those assets. A corresponding decommissioning asset is recognised and is included within property, plant and equipment when it gives access to future economic benefits, and is depreciated on a straight-line basis over the expected useful life of the asset. Changes in these provisions are recognised prospectively. The unwind of discounting of the provision is included in finance costs.

The Group retained a decommissioning obligation following the disposal of its Gas Production business. The decommissioning cost estimates are updated periodically by field operators based on current technology and prices. Field operators also provide estimated end of field life dates for each field, which can change based on market commodity prices.

Retirement benefit obligations (note 23)

Defined benefit pension schemes

The Group operates two defined benefit pension schemes, one of which is operated by the Company. Pension scheme assets are measured using bid market values. Pension scheme liabilities are measured using the projected unit credit actuarial method and are discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability.

Any increase in the present value of liabilities within the Group's defined benefit pension schemes expected to arise from employee service in the year is charged as service costs to operating profit.

Net interest costs are based on net scheme assets or liabilities, adjusted for minimum funding requirement and pension surplus restrictions under IFRIC 14 "IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction". Actuarial gains and losses are recognised in full in the consolidated statement of comprehensive income. Pension scheme surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet.

A1 Basis of consolidation and significant accounting policies continued

A1.2 Significant accounting policies continued

Retirement benefit obligations (note 23) continued

Defined contribution pension schemes

The Group also operates a number of defined contribution pension schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The amounts charged represent the contributions payable to the schemes in the year and are charged directly to the income statement.

Equity and equity-related compensation benefits

The Group operates a number of employee share schemes as described in the Remuneration Report. These schemes enable Group employees to acquire shares of the Company.

The exercise prices of the sharesave scheme are set at a discount to market price at the date of the grant. The fair value of the sharesave scheme option granted is measured at the grant date by use of a Black-Scholes model. The fair value of the options granted is recognised as an expense on a straight-line basis over the period that the scheme vests. Estimates are updated for non-market conditions at each balance sheet date with any adjustment in respect of the current and prior years being recognised in the income statement. The costs associated with the other main employee schemes are recognised over the period to which they relate. The charge related to the equity shares in the Company awarded under the share schemes is treated as an increase in the cost of investment held by the Company in the subsidiary companies of the Group. The disclosures on equity and equity-related compensation benefits have been removed on the grounds of materiality in relation to the Group.

Financial instruments (note 24)

The Group uses a range of financial instruments to hedge exposures to financial risks, such as interest rate, foreign exchange and energy price fluctuations in its normal course of business and in accordance with the Group's risk management policies. The Group's risk management policies are further explained in A6.

The Group's review of the IFRS 9 hedge accounting model concluded that, whilst adoption would not change the treatment of existing hedging arrangements, the changes made would not result in any additional hedge designations either. As such, the existing hedge accounting model under IAS 39 appropriately reflects the Group's risk management activities in the financial statements. Therefore, as permitted by IFRS 9, the Group has elected to continue to apply the hedge accounting requirements of IAS 39. This policy choice will be periodically reviewed to consider any changes in our risk management activities.

Interest rate and foreign exchange derivatives

Financial derivative instruments are used by the Group to hedge interest rate and currency exposures. All such derivatives are recognised at fair value and are re-measured to fair value each reporting period. Certain derivative financial instruments are designated as being held for hedging purposes. The designation of the hedge relationship is established at the inception of the hedge and procedures are applied to ensure the derivative is highly effective in achieving its objective and that the effectiveness of the hedge can be reliably measured. The treatment of gains and losses on re-measurement is dependent on the classification of the hedge and whether the hedge relationship is designated as either a "fair value" or "cash flow" hedge. Derivatives that are not designated as hedges are treated as if held for trading, with all fair value movements being recorded through the income statement.

A derivative classified as a "fair value" hedge recognises gains and losses from re-measurement immediately in the income statement. Loans and borrowings are measured at cost except where they form the underlying transaction in an effective fair value hedge relationship. In such cases, the carrying value of the loan or borrowing is adjusted to reflect fair value movements with the gain or loss being reported in the income statement.

A derivative classified as a "cash flow" hedge recognises the portion of gains or losses on the derivative which are deemed to be effective directly in equity in the hedge reserve. Any ineffective portion of the gains or losses is recognised in the consolidated income statement. When hedged cash flows result in the recognition of a non-financial asset or liability, the associated gains or losses previously recognised in equity are included in the initial measurement of the asset or liability. For all other cash flow hedges, the gains or losses that are recognised in equity are transferred to the income statement in the same period in which the hedged cash flows affect the income statement.

Hedge accounting is discontinued when the hedging instrument expires, or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At the point of discontinuation, any cumulative gain or loss on the hedging instrument recognised in equity remains in equity until the forecast transaction affects profit or loss. On settlement, the cumulative gain or loss recognised in equity is recognised in the income statement.

Commodity derivatives

Within its regular course of business, the Group routinely enters into sale and purchase derivative contracts for commodities such as electricity, gas, carbon allowances and oil. Where the contract was entered into and continues to be held for the purpose of receipt or delivery in accordance with the Group's expected sale, purchase or usage requirements, the contracts are designated as "own use" contracts and are measured at cost. These contracts are not within the scope of IFRS 9.

Derivative commodity contracts which are not designated as own use contracts are accounted for as trading derivatives and are recognised in the balance sheet at fair value. Where a hedge accounting relationship is designated and is proven to be effective, the changes in fair value will be recognised in accordance with the rules noted above. There are currently no designated hedge relationships in relation to commodity contracts.

Other commodity contracts, where own use is not established and a hedge accounting relationship is not designated, are measured at fair value with gains and losses on re-measurement being recognised in the income statement in cost of sales.

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives where the characteristics of the derivatives are not closely related to those of the host contracts.

Net investment hedges

Hedges of net investments in foreign operations are accounted in a manner similar to effective cash flow hedges. Any gain or loss on the effective portion of the hedge is recognised in equity, in the translation reserve, and any gain or loss on the ineffective portion of the hedge is recognised in the income statement. On disposal of the foreign operation, the cumulative value of any gains or losses recognised directly in equity is transferred to the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with a maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Trade receivables

Trade receivables do not carry any interest and are measured at cost less an appropriate allowance for lifetime expected credit losses.

At the end of each reporting period a review of the allowance for impairment of trade receivables (or bad debt provision) is performed by the respective businesses. Trade receivables do not contain a significant financing element, and therefore expected credit losses are measured using the simplified approach permitted by IFRS 9, which requires lifetime expected credit losses to be recognised on initial recognition. A provision matrix is utilised to estimate the lifetime expected credit losses, based on the age, status and risk of each class of receivable, which is updated periodically to include changes to both forward-looking and historical inputs.

Interest-bearing loans and borrowings

All such loans and borrowings are initially recognised at fair value including transaction costs and are subsequently measured at amortised cost, except where the loan or borrowing is the hedged item in an effective fair value hedge relationship.

Commercial (and affiliate) contracts for difference

The Group has commercial Contracts for Difference ("CfD") arrangements in place where the Group has agreed to provide a revenue support contract. Where the Group has entered into these arrangements and there is no relationship with a government entity, the instruments are classified as derivatives and accounted for under IFRS 9. The Group has assessed that due to the valuation complexity of these arrangements, they are Level 3 financial instruments in the fair value hierarchy. On day 1, the Group recognises no gain or loss arising from the instrument, but instead defers this gain or loss and recognises it progressively over the life of the instrument. At each balance sheet date the fair value of the instrument is assessed with any movement in fair value recognised in the income statement in the period it arises.

Financial guarantee liabilities

The Group issues financial guarantee contracts to make specified payments to reimburse holders for losses incurred if certain former subsidiaries and certain current joint venture investments fail to make payments when due in accordance with the original or modified terms of a debt instrument.

As permitted by IFRS 17, the Group has elected to apply IFRS 9 "Financial Instruments" to these contracts, as available under the transition arrangements of the standard. Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of the loss allowance for expected credit losses and the initial fair value less any income recognised.

Share capital

Ordinary shares are accounted for as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds received. Own equity instruments that are reacquired are deducted from equity. No gain or loss is recognised in the Group income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Hybrid equity

Hybrid equity comprises issued bonds that qualify for recognition as equity. Accordingly, any coupon payments are accounted for as dividends and are recognised directly in equity at the time the payment obligation arises. This is because the coupon payments are discretionary and relate to equity. Coupon payments consequently do not have any impact on the income statement. Coupon payments are recognised in the cash flow statement in the same way as dividends to ordinary shareholders. Tax credits in relation to the coupon payments are linked to the past transactions or events that support the coupon payments and consequently the tax credits are reported in the income statement.

A2 Taxation

The Group's primary tax disclosures are included at note 10. The following tables represent enhanced disclosures adopted in order to assist stakeholder understanding of the Group's tax position and policies as part of the Group's commitment to its Fair Tax Mark accredited status.

Reconciliation of tax charge to adjusted underlying current tax

	2025 £m	2025 %	2024 £m	2024 %
Group profit before tax	**1,850.9**		2,495.1	
Less: share of results of associates and jointly controlled entities	**(89.9)**		(114.1)	
Profit before tax	**1,761.0**		2,381.0	
Tax on profit on ordinary activities at standard UK corporation tax rate of 25% (2024: 25%)	**440.3**	**25.0**	595.3	25.0
Tax effect of:				
Capital allowances less than depreciation	**(216.8)**	**(12.3)**	(55.7)	(2.3)
Impairment of investments	**65.1**	**3.7**	–	–
Movement in restructuring and settlement provisions	**(4.4)**	**(0.2)**	(0.6)	–
Non-taxable gain on sale of assets	**–**	**–**	(4.5)	(0.2)
Fair value movements on derivatives	**7.3**	**0.4**	(123.3)	(5.2)
Pension movements	**(8.0)**	**(0.5)**	(8.9)	(0.4)
Relief for capitalised interest and revenue costs	**(37.9)**	**(2.2)**	(38.0)	(1.6)
Hybrid equity coupon payments	**(18.4)**	**(1.0)**	(18.3)	(0.8)
Expenses not deductible for tax purposes	**15.2**	**0.9**	54.9	2.3
Utilisation of tax losses brought forward	**(1.2)**	**(0.1)**	(3.7)	(0.2)
Impact of foreign tax rates	**(15.3)**	**(0.9)**	(36.8)	(1.5)
Electricity Generator Levy not deductible for tax purposes	**19.8**	**1.1**	1.0	–
Adjustments to tax charge in respect of previous years	**(8.3)**	**(0.5)**	(25.6)	(1.0)
Other items	**(3.7)**	**(0.1)**	–	–
Reported current tax charge and effective rate	**233.7**	**13.3**	335.8	14.1
Depreciation in excess of capital allowances	**217.8**	**12.4**	74.5	3.1
Movement in provisions	**4.4**	**0.2**	0.6	–
Fair value movements on derivatives	**(7.3)**	**(0.4)**	123.3	5.2
Pension movements	**8.0**	**0.5**	8.9	0.4
Relief for capitalised interest and revenue costs	**37.9**	**2.2**	38.0	1.6
Impact of foreign tax rates	**3.5**	**0.1**	1.8	0.1
Adjustments to tax charge in respect of previous years	**19.1**	**1.1**	23.2	0.9
Unwind of tax on financial guarantee liabilities	**1.1**	**–**	–	–
Tax losses utilised	**–**	**–**	5.1	0.2
Other items	**(0.2)**	**–**	(0.5)	–
Reported deferred tax charge and effective rate	**284.3**	**16.1**	274.9	11.5
Group tax charge and effective rate	**518.0**	**29.4**	610.7	25.6

As noted at note 3 to the accounts, the Group's results are reported on an "adjusted" basis in order to allow focus on underlying business performance. The adjusted profit before tax is the measure utilised in calculation of the Group's "adjusted effective rate of tax".

The adjusted current tax charge can be reconciled to the adjusted profit before tax as follows:

	2025 £m	2025 %	2024 £m (restated*)	2024 % (restated*)
Adjusted profit before tax	**2,138.2**		2,200.9	
Tax on profit on ordinary activities at standard UK corporation tax rate	**534.6**	**25.0**	550.2	25.0
Tax effect of:				
Capital allowances in excess of depreciation	**(224.7)**	**(10.5)**	(107.5)	(4.9)
Non-taxable gain on sale of assets	**7.6**	**0.4**	(4.7)	(0.2)
Non qualifying depreciation	**25.2**	**1.2**	12.5	0.6
Adjustment for profit on internal trading	**4.3**	**0.2**	2.5	0.1
Movement in restructuring and settlement provisions	**(2.9)**	**(0.1)**	0.8	–
Pension movements	**(8.0)**	**(0.4)**	(8.9)	(0.4)
Relief for capitalised interest and revenue costs	**(21.9)**	**(1.0)**	(23.2)	(1.1)
Hybrid equity coupon payments	**(18.4)**	**(0.9)**	(18.3)	(0.8)
Expenses not deductible for tax purposes	**8.4**	**0.4**	23.6	1.1
Fair value movements on derivatives	**9.9**	**0.5**	–	–
Permanent benefit of super-deduction capital allowances	**–**	**–**	1.4	0.1
Electricity Generator Levy not deductible for tax purposes	**19.8**	**0.9**	–	–
Discount on losses on Scottish Hydro Electric Transmission plc	**(4.3)**	**(0.2)**	–	–
Share-based payments	**(2.6)**	**(0.1)**	–	–
Losses carried back to earlier years	**–**	**–**	7.2	0.3
Adjustments to tax charge in respect of previous years	**(10.7)**	**(0.5)**	(25.6)	(1.2)
Impact of foreign tax rates	**(20.6)**	**(1.0)**	(37.9)	(1.7)
Other	**0.7**	**–**	(1.1)	–
Adjusted current tax charge and effective rate APM	**296.4**	**13.9**	371.0	16.9

* The comparative adjusted effective rate of tax been restated. See note 1.2.

The reconciling adjustments differ from those analysed in the Group tax charge reconciliation above because they include SSE's share of associates and joint ventures, and are based on adjusted profit before tax.

The majority of the Group's profits are earned in the UK, with the standard rate of UK corporation tax being 25% for the year to 31 March 2025 (2024: 25%). Profits earned by the Group in the Republic of Ireland are taxable at either 12.5% or 25%, depending upon the nature of the income.

Capital allowances are tax reliefs provided in law for the expenditure the Group makes on property, plant and equipment. 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 spending, where the expenditure on property, plant and equipment is treated as an asset with the cost being 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. The substantial reversals of impairments and impairments undertaken in previous years in relation to certain property, plant and equipment assets, result in the depreciation or impairment charge to profit for the year differing to the amount of capital allowances due to the Group.

Short term temporary differences arise on items such as provisions for restructuring costs and onerous contracts, and retirement benefit obligations, because the treatment of such items is different for tax and accounting purposes. These differences usually reverse in the year following that in which they arise, as is reflected in the deferred tax charge in these financial statements. Where interest charges or other costs are capitalised in the accounts, tax relief is either given as the charges are incurred or when the costs are taken to the income statement.

As explained at Accompanying Information A1 and A6, the Group measures its operating and financing derivatives at fair value under IFRS 9. As a result of the Group's subsidiaries applying the HMRC's "disregard regulations", the vast majority of the re-measurement movements have no current tax effect impacting only the deferred tax position.

As detailed at note 22 and explained in the Accompanying Information A1, the Group has issued Hybrid equity securities which are treated as a component of equity. While the coupon payments relating to these securities are treated as distributions to the holders of the equity instruments, tax relief is allowed on the amount paid in the year. These tax credits are linked to the past transactions or events that support the coupon payments and consequently the tax credits are reported in the income statement.

Accompanying information continued

A3 Related undertakings

A3.1.1 Subsidiary undertakings

Details of the Group's subsidiary undertakings at 31 March are as follows:

Company	Registered address (Key)	2025 Holding %
United Kingdom		
Aberarder Wind Farm (Scotland) Limited	A	100.0
Aberarder Wind Farm LLP	B	100.0
Abernedd Power Company Limited	B	100.0
Aegletes III Holdco Limited	B	100.0
Aldbrough Pathfinder Limited	B	100.0
Berwick Bank A Limited	B	100.0
Berwick Bank B Limited	B	100.0
Berwick Bank C Limited	B	100.0
Berwick Bank Holdings A Limited	B	100.0
Berwick Bank Holdings B Limited	B	100.0
Berwick Bank Holdings C Limited	B	100.0
Berwick Bank Wind Farm Limited	A	100.0
Bhlaraidh Extension Wind Farm Limited	A	100.0
Bhlaraidh Wind Farm Limited	A	100.0
Building Automation Solutions Limited	D	100.0
By-Pass Farm Solar Limited	B	100.0
Coire Glas Hydro Pumped Storage Limited	A	100.0
Eastern Green Link 3 Limited	B	75.0
Enerveo Limited	T	100.0
Ferrybridge Hydrogen Limited	B	100.0
Fibre Fuel Limited	B	100.0
Fibre Power (Slough) Limited	B	100.0
Griffin Wind Farm Limited	A	100.0
Hydro Electric Pension Scheme Trustees Limited	A	100.0
Keadby Developments Limited	E	100.0
Keadby Generation Limited	E	100.0
Keadby Next Generation Limited (formerly Keadby Hydrogen Power North Limited)	B	100.0
Keadby Wind Farm Limited	B	100.0
LG-B-300 Limited	A	100.0
Littleton Pastures Solar Limited	B	100.0
Medway Power Limited	B	100.0
Optimal Power Networks Limited	B	100.0
Power from Waste Limited	B	100.0
Scottish and Southern Energy Power Distribution Limited	A	100.0
Scottish Hydro Electric Power Distribution plc	A	100.0
Scottish Hydro Electric Transmission plc	A	75.0
Slough Domestic Electricity Limited	B	100.0
Slough Electricity Contracts Limited	B	100.0
Slough Energy Supplies Limited	B	100.0
Slough Heat & Power Limited	B	100.0
Slough Utility Services Limited	B	100.0
Southern Electric Power Distribution plc	B	100.0
SSE Airtricity Energy Services (NI) Limited	Q	100.0
SSE Airtricity Energy Supply (NI) Limited	F	100.0
SSE Airtricity Gas Supply (NI) Limited	F	100.0
SSE Battery Monk Fryston Limited	B	100.0
SSE Battery Salisbury Limited	B	100.0

Company	Registered address (Key)	2025 Holding %
SSE Beatrice Offshore Windfarm Holdings Limited	A	100.0
SSE BTM HoldCo Limited	B	100.0
SSE BTM Operational Assets Limited	B	100.0
SSE Contracting Group Limited	B	100.0
SSE Cottered Solar Limited	B	100.0
SSE Daines BESS Limited	B	100.0
SSE DE Solar Holdco Limited	B	100.0
SSE Derrymeen BESS Limited (formerly Heron Storage No. 1 Limited)	F	100.0
SSE Digital Services Limited	B	100.0
SSE Eggborough Limited	B	100.0
SSE Energy Markets Limited	B	100.0
SSE Energy Supply Limited	B	100.0
SSE Enterprise Limited	B	100.0
SSE Ewerby Solar Holdco Limited	B	100.0
SSE Ewerby Solar Limited	B	100.0
SSE Fancott BESS Limited	B	100.0
SSE Ferrybridge Battery Limited	B	100.0
SSE Fiddlers Ferry Battery Limited	B	100.0
SSE Foxholes Solar Limited	B	100.0
SSE Generation Limited	B	100.0
SSE Group Limited	A	100.0
SSE Heat Networks (Battersea) Limited	B	100.0
SSE Heat Networks Limited	A	100.0
SSE Hornsea Limited	B	100.0
SSE HV Electricity Assets Limited (formerly SSE EV M7 Limited)	B	100.0
SSE Hydrogen Holdings Limited	B	100.0
SSE Hydrogen Developments Limited	B	100.0
SSE IAMP Microgrid Limited	B	100.0
SSE Imperial Park PN Limited	B	100.0
SSE Knapthorpe Solar Limited	B	100.0
SSE Low Carbon Developments Limited	B	100.0
SSE Low Carbon Holdings Limited	B	100.0
SSE Maple Limited	B	100.0
SSE Medway Operations Limited	B	100.0
SSE Micro Renewables Limited	A	100.0
SSE Multifuel Generation Holdings Limited	B	100.0
SSE Muskham Solar Limited	B	100.0
SSE Newchurch Solar Limited	B	100.0
SSE OWS Glasgow Limited	A	100.0
SSE Private Networks Holdco Limited	B	100.0
SSE Production Services Limited	B	100.0
SSE Renewables Holdings (UK) Limited	F	100.0
SSE Renewables International Holdings Limited	A	100.0
SSE Renewables Limited	A	100.0
SSE Renewables Offshore Windfarm Holdings Limited	A	100.0
SSE Renewables Onshore Windfarm Holdings Limited	F	100.0

Company	Registered address (Key)	2025 Holding %
United Kingdom continued		
SSE Renewables Poland Holdings Limited	A	**100.0**
SSE Renewables Services (UK) Limited	F	**100.0**
SSE Renewables Solar & Battery Holdings Limited	B	**100.0**
SSE Renewables UK Limited	F	**100.0**
SSE Renewables Wind Farms (UK) Limited	A	**100.0**
SSE Retail Limited	A	**100.0**
SSE Seabank Investments Limited	B	**100.0**
SSE Seabank Land Investments Limited	B	**100.0**
SSE Services plc	B	**100.0**
SSE Southern Group Trustee Limited	B	**100.0**
SSE Staythorpe Battery Limited	B	**100.0**
SSE Staythorpe Power Limited	B	**100.0**
SSE Staythorpe SGT Limited	B	**100.0**
SSE Staythorpe Solar Limited	B	**100.0**
SSE Southery Solar Limited	B	**100.0**
SSE Stock Limited	A	**100.0**
SSE Thermal Energy Holdings Limited	B	**100.0**
SSE Thermal Energy Operations Limited	B	**100.0**
SSE Thermal Generation (Scotland) Limited	A	**100.0**
SSE Thermal Generation Holdings Limited	B	**100.0**
SSE Toddleburn Limited	A	**100.0**
SSE Trading Limited	B	**100.0**
SSE Trustees Limited	B	**100.0**
SSE Utility Services Limited	B	**100.0**
SSE Utility Solutions Limited	B	**100.0**
SSE Venture Capital Limited	A	**100.0**
SSE Viking Limited	B	**100.0**
SSE(SE) Quest Trustee Limited	B	**100.0**
SSEN Distribution Limited	A	**100.0**
SSEPG (Operations) Limited	B	**100.0**
Strathy Wind Farm Limited	A	**100.0**
Tealing Solar Park Limited	B	**100.0**
TESGL Limited	D	**100.0**
The Energy Solutions Group Bidco Limited	D	**100.0**
The Energy Solutions Group Midco Limited	D	**100.0**
The Energy Solutions Group Topco Limited	D	**100.0**
Viking Energy (Scottish Partnership)	A	**100.0**
Viking Energy Wind Farm LLP	A	**100.0**
Ireland		
Airtricity Windfarm Finance Limited	C	**100.0**
Arklow Offshore Phase II Company Limited	C	**100.0**
Bindoo Windfarm (ROI) Limited	C	**100.0**
Brickmount Limited	C	**100.0**
Comhlacht Gaoithe Teoranta	C	**100.0**
Coomacheo Wind Farm Limited	C	**100.0**
Coomatallin Windfarm (ROI) Limited	C	**100.0***
Curragh Mountain Windfarm Limited	C	**100.0**
Dedondo Limited	C	**100.0**
Dromada Windfarm (ROI) Limited	C	**100.0**
Drumnahough Wind Farm Designated Activity Company	C	**100.0**
Enerveo Ireland Limited	Z	**100.0**
Galway Wind Park Phase 3 Designated Activity Company	C	**100.0**

Company	Registered address (Key)	2025 Holding %
Ganderoy Limited	C	**100.0**
Gartnaneane Limited	C	**100.0***
Glenora Wind Farm Designated Activity Company	C	**100.0**
Green Wind Energy (Wexford) Limited	C	**100.0**
Leanamore Wind Farm Limited	C	**100.0**
Limerick West Windfarm Limited	C	**100.0**
March Winds Limited	C	**100.0**
Meentycat Limited	C	**100.0**
Milane Holdings Limited	C	**100.0**
Mullananalt Wind Farm (ROI) Limited	C	**100.0**
Platin Power Limited	C	**100.0**
Richfield Windfarm (ROI) Limited	C	**100.0**
Sheskin South Renewables Power Designated Activity Company	C	**100.0**
SSE Airtricity Distributed Energy Limited	C	**100.0**
SSE Airtricity Energy Services Limited	C	**100.0**
SSE Airtricity Limited	C	**100.0**
SSE Cumarsáid Teoranta	C	**100.0**
SSE Generation Ireland Limited	C	**100.0**
SSE Renewables (Ireland) Limited	C	**100.0**
SSE Renewables Generation Ireland Limited	C	**100.0**
SSE Renewables Holdings (Europe) Limited	C	**100.0**
SSE Renewables Holdings Limited	C	**100.0**
SSE Renewables Off Shore Limited	C	**100.0**
SSE Renewables Wind (Ireland) Holdings Limited	C	**100.0**
SSE Renewables Wind Farms (Ireland) Limited	C	**100.0**
Sure Partners Limited	C	**100.0**
SSE Renewables Tinnycross Battery Storage Limited (formerly Thornsberry Battery Storage Limited)	C	**100.0**
Tournafulla Windfarm (ROI) Limited	C	**100.0**
France		
Société d'Exploitation de l'Installation de Stockage (SEIS) D'orchamps	AE	**100.0**
Société d'Exploitation de l'Installation de Stockage (SEIS) de la Cuesta	AE	**100.0**
Société d'Exploitation de la Centrale Photovoltaïque (SECPV) de Vireaux	AE	**100.0**
Société d'Exploitation de la Centrale Photovoltaïque (SECPV) des Jacquessons	AE	**100.0**
Société d'Exploitation du Parc Eolien de Chaintrix Bierges SARL	AE	**100.0**
Société d'Exploitation du Parc Eolien de Champeaux SARL	AE	**100.0**
Société d'Exploitation du Parc Eolien de Germainville SAS	AE	**100.0**
Société d'Exploitation du Parc Eolien de la Belle Dame SARL	AE	**100.0**
Société d'Exploitation du Parc Eolien de la Brie des Etangs SARL	AE	**100.0**
Société d'Exploitation du Parc Eolien de la Monchot SARL	AE	**100.0**
Société d'Exploitation du Parc Eolien de la Tête des Boucs SARL	AE	**100.0**
Société d'Exploitation du Parc Eolien (SEPE) de la Voie Pouçoise	AE	**100.0**

Accompanying information continued

A3 Related undertakings continued

A3.1.1 Subsidiary undertakings continued

Company	Registered address (Key)	2025 Holding %
France continued		
Société d'Exploitation du Parc Eolien de Moulins du Puits SAS	AE	100.0
Société d'Exploitation du Parc Eolien de Pringy SARL	AE	100.0
Société d'Exploitation du Parc Eolien de Saint Loup de Saintonge SAS	AE	100.0
Société d'Exploitation du Parc Eolien (SEPE) de Salon Sud	AE	100.0
Société d'Exploitation du Parc Eolien de Souvans SARL	AE	100.0
Société d'Exploitation du Parc Eolien de Vernierfontaine SARL	AE	100.0
Société d'Exploitation du Parc Eolien de Villiers aux Chênes SARL	AE	100.0
Société d'Exploitation du Parc Eolien des Fontaines SARL	AE	100.0
Société d'Exploitation du Parc Eolien des Six Communes SARL	AE	100.0
Société d'Exploitation du Parc Eolien des Voies de Bar SARL	AE	100.0
Société d'Exploitation du Parc Eolien du Mont Égaré SARL	AE	100.0
Société d'Exploitation du Parc Eolien du Vireaux SAS	AE	100.0
Société du Poste Privé (SPP) de la Cuesta SARL	AE	100.0
Société du Poste Privé (SPP) d'Orchamps SAS (formerly Société du Poste Privé (SPP) d'Orchamps SARL)	AE	100.0
Société du Poste Privé (SPP) du Tonnerrois	AE	100.0
SSE Renewables France SARL	AE	100.0
Germany		
SSE Renewables Developments (Germany) GmbH	U	100.0
Greece		
Enerfarm 3 Single Member S.A. Renewable Energy Sources	AB	100.0
Energiaki Kleidi Single Member S.A.	AB	100.0
Energiaki Mavrovouniou Single Member Private Company	AB	100.0
Energiaki Mesovouniou Single Member S.A.	AB	100.0
Energiaki Platorrachis Single Member S.A.	AB	100.0*
Energiaki Velanidias Single Member S.A.	AB	100.0
SSE Renewables Hellas Single Member S.A.	AB	100.0
Isle of Man		
SSE Insurance Limited	G	100.0
Italy		
SPV Parco Eolico Libeccio S.r.l.	AC	100.0
SPV Parco Eolico Maestrale S.r.l.	AC	100.0
SPV Parco Eolico Tramontana S.r.l.	AC	100.0
SSE Renewables Italy S.r.l. (formerly Energia Levante S.r.l.)	AC	100.0

Company	Registered address (Key)	2025 Holding %
Japan		
Aichi Offshore Wind Power No. 1 G.K.	Y	80.0
Aichi Offshore Wind Power No. 2 G.K.	Y	80.0
Enshunada Offshore Wind Power No. 1 G.K.	Y	80.0
Goto-Fukue Offshore Wind Power G.K.	Y	80.0
Izu Islands Offshore Wind Power No. 1 G.K.	Y	80.0
Minami-Izu Offshore Wind Power No. 1 G.K.	Y	80.0
Niigata Offshore Wind Power No.1 G.K.	Y	80.0
Oki Islands Offshore Wind Power G.K.	Y	80.0
SSE Pacifico K.K.	Y	80.0
SSE Yuza Offshore Wind Power G.K.	Y	80.0
Tokushima Offshore Wind Power G.K.	Y	80.0
Wakayama-West Offshore Wind Power No. 1 G.K.	Y	80.0
Wakayama-West Offshore Wind Power No.2 G.K.	Y	80.0
Netherlands		
SSE Renewables (Netherlands) Holdings B.V.	AA	100.0
SSE Renewables Developments (The Netherlands) B.V.	AA	100.0
SSE Sunflower Offshore Wind Holdco B.V.	AA	100.0
SSE Sunflower Offshore Wind Limited Partner 1 B.V.	AA	100.0
SSE Sunflower Offshore Wind Limited Partner 2 B.V.	AA	100.0
SSE Sunflower Offshore Wind Limited Partner 3 B.V.	AA	100.0
SSE Sunflower Offshore Wind Limited Partner 4 B.V.	AA	100.0
SSE Tulip Offshore Wind Holdco B.V.	AA	100.0
SSE Tulip Offshore Wind Limited Partner 1 B.V.	AA	100.0
SSE Tulip Offshore Wind Limited Partner 2 B.V.	AA	100.0
SSE Tulip Offshore Wind Limited Partner 3 B.V.	AA	100.0
Poland		
IBC SE PL3 sp. z o.o	AJ	100.0
IBC SE PL20 sp. z o.o.	AJ	100.0
IBC SE PL22 sp. z o.o.	AJ	100.0
IBC SE PL23 sp. z o.o.	AJ	100.0
IBC SE PL24 sp. z o.o.	AJ	100.0
IBC SE PL34 sp. z o.o.	AJ	100.0
Pomerania PV sp z.o.o.	AJ	100.0
SSE Renewables Poland sp z.o.o.	X	100.0
Spain		
Sistemas Energéticos Ábrego S.L.U.	AD	100.0
Sistemas Energéticos Ariel S.L.U.	AD	100.0
Sistemas Energéticos Boreas S.L.U.	AD	100.0
Sistemas Energéticos Céfiro S.L.U.	AD	100.0
Sistemas Energéticos del Sur S.A.U.	AD	100.0
Sistemas Energéticos Eolo S.L.U.	AD	100.0
Sistemas Energéticos Erbania 1 S.L.U.	AD	100.0
Sistemas Energéticos Erbania 2 S.L.U.	AD	100.0
Sistemas Energéticos Gregal S.L.U.	AD	100.0
Sistemas Energéticos Júpiter S.L.U.	AD	100.0
Sistemas Energéticos Marte S.L. U.	AD	100.0
Sistemas Energéticos Mercurio S.L.U.	AD	100.0

Company	Registered address (Key)	2025 Holding %
Spain continued		
Sistemas Energéticos Neptuno S.L.U.	AD	**100.0**
Sistemas Energéticos Oberón S.L.U.	AD	**100.0**
Sistemas Energéticos Plutón S.L.U.	AD	**100.0**
Sistemas Energéticos Tablero Tabordo, S.L.U.	AD	**100.0**
Sistemas Energéticos Terral S.L.U.	AD	**100.0**
Sistemas Energéticos Titán S.L.U.	AD	**100.0**
Sistemas Energéticos Urano S.L.U.	AD	**100.0**
SSE Renewables Southern Europe S.L. (formerly Sistemas Energéticos Carril, S.L.U.)	AD	**100.0**
SSE Renewables Spain, S.L. (formerly Sistemas Energéticos Loma del Reposo, S.L.U.)	AD	**100.0**
United States		
SSE Renewables North America Inc.	W	**100.0**
SSE Renewables North America Offshore Wind LLC.	W	**100.0**
SSE Renewables North America Services Inc	W	**100.0**

All shares in subsidiary companies are ordinary share capital, unless otherwise stated.

* 100% of voting rights held.

Statutory audit exemptions

SSE plc parent company has provided guarantees under section 479C of the Companies Act 2006 over the liabilities of the following companies, which are therefore exempt from audit under the requirements of s479A-479C of the Companies Act 2006.

Company	Registered number
Aberarder Wind Farm LLP	OC398487
Aegletes III Holdco Limited	13665453
Aldbrough Pathfinder Limited	15238323
Bhlaraidh Wind Farm Limited	SC663027
By-Pass Farm Solar Limited	12558977
Fibre Power (Slough) Limited	02902170
Griffin Wind Farm Limited	SC245113
Keadby Next Generation Limited (formerly Keadby Hydrogen Power North Limited)	15866301
Keadby Wind Farm Limited	06852112
LG-B-300 Limited	SC765613
Littleton Pastures Solar Limited	12638974
Slough Utility Services Limited	03486590
SSE Airtricity Energy Services (NI) Limited	NI056373
SSE Beatrice Offshore Windfarm Holdings Limited	SC436255
SSE BTM Operational Assets Limited	14885059
SSE Contracting Group Limited	02471438
SSE Cottered Solar Limited	15346645
SSE Daines BESS Limited	15344013
SSE DE Solar HoldCo Limited	14189570
SSE Derrymeen BESS Limited (formerly Heron Storage No. 1 Limited)	NI697259
SSE Digital Services Limited	14621186
SSE Eggborough Limited	14939853
SSE Enterprise Limited	10060563
SSE Group Limited	SC126049
SSE HV Electricity Assets Limited (formerly SSE EV M7 Limited)	14418288
SSE Hydrogen Developments Limited	15238086
SSE Hydrogen Holdings Limited	15231331
SSE IAMP Microgrid Limited	15333093
SSE Imperial Park PN Limited	02631510
SSE Low Carbon Developments Limited	15069108

Company	Registered number
SSE Maple Limited	10604848
SSE Medway Operations Limited	02647585
SSE Micro Renewables Limited	SC386017
SSE Multifuel Generation Holdings Limited	12661566
SSE Newchurch Solar Limited	15348120
SSE OWS Glasgow Limited	SC228283
SSE Private Networks Holdco Limited	14921243
SSE Production Services Limited	02499702
SSE Renewables Holdings (UK) Limited	NI043239
SSE Renewables Offshore Windfarm Holdings Limited	SC436251
SSE Renewables Onshore Windfarm Holdings Limited	NI049557
SSE Renewables Poland Holdings Limited	SC723844
SSE Renewables Solar & Battery Holdings Limited	13561962
SSE Renewables UK Limited	NI048447
SSE Renewables Wind Farms (UK) Limited	SC654502
SSE Retail Limited	SC213458
SSE Seabank Investments Limited	02631512
SSE Seabank Land Investments Limited	07877772
SSE Southery Solar Limited	14953142
SSE Staythorpe Battery Limited	14046860
SSE Staythorpe Power Limited	14043534
SSE Staythorpe Solar Limited	14046913
SSE Thermal Energy Holdings Limited	12650549
SSE Thermal Generation Holdings Limited	12662248
SSE Toddleburn Limited	SC259104
SSE Viking Limited	06021053
SSE(SE) Quest Trustee Limited	03487059
SSEPG (Operations) Limited	02764438
Strathy Wind Farm Limited	SC663103
Tealing Solar Park Limited	08783684

Accompanying information continued

A3 Related undertakings continued

A3.1.2 Joint arrangements (incorporated)

Company	Registered address (Key)	2025 Holding %	Company	Registered address (Key)	2025 Holding %
United Kingdom					
AtlasConnect Limited	A	**50.0**	H2Northeast Limited	H	**50.0**
Baglan Pipeline Limited	K	**50.0**	Indian Queens Power Limited	AF	**50.0**
Beatrice Offshore Windfarm Holdco Limited	A	**40.0**	Marchwood Power Limited	N	**50.0**
Beatrice Offshore Windfarm Limited	A	**40.0**	Neos Networks Limited	A	**50.0**
Clyde Windfarm (Scotland) Limited **	A	**50.1**	NNXYZ Limited	B	**50.0**
DB Operational Base Limited	J	**40.0**	North Falls Offshore Wind Farm Holdco Limited	AG	**50.0**
Deeside Power (UK) Limited	AF	**50.0**	North Falls Offshore Wind Farm Limited	AG	**50.0**
Deeside Power Operations Limited	AF	**50.0**	Ossian Offshore Wind Farm Holdings Limited	A	**40.0**
Digital Reach Partners Limited	A	**50.0**	Ossian Offshore Wind Farm Limited	A	**40.0**
Doggerbank Offshore Wind Farm Project 1 Holdco Limited	B	**40.0**	Pride (SERP) Limited	AI	**50.0**
Doggerbank Offshore Wind Farm Project 1 Projco Limited	B	**40.0**	Saltend Cogeneration Company Limited	AF	**50.0**
Doggerbank Offshore Wind Farm Project 2 Holdco Limited	B	**40.0**	Saltend Operations Company Limited	AF	**50.0**
Doggerbank Offshore Wind Farm Project 2 Projco Limited	B	**40.0**	SCCL Holdings Limited	AF	**50.0**
Doggerbank Offshore Wind Farm Project 3 Holdco Limited	B	**40.0**	Seabank Power Limited	O	**50.0**
Doggerbank Offshore Wind Farm Project 3 Projco Limited	B	**40.0**	Seagreen 1A (Holdco) Limited	B	**49.0**
Doggerbank Offshore Wind Farm Project 3 And 4 Holdco Limited	B	**50.0**	Seagreen 1A Limited	B	**49.0**
Doggerbank Offshore Wind Farm Project 3 And 4 Leaseco Limited	B	**50.0**	Seagreen Alpha Wind Energy Limited	B	**49.0**
Doggerbank Offshore Wind Farm Project 4 Holdco Limited	B	**50.0**	Seagreen Bravo Wind Energy Limited	B	**49.0**
Doggerbank Offshore Wind Farm Project 4 Projco Limited	B	**50.0**	Seagreen Holdco 1 Limited	B	**49.0**
Dunmaglass Wind Farm Limited	A	**50.1**	Seagreen Wind Energy Limited	B	**49.0**
Eastern Green Link 2 Limited ***	B	**50.0**	Source EV Limited (formerly SSE DE EV Holdco Limited)	AK	**50.0**
Fearna PSH Limited	B	**50.0**	Source EV UK Limited (formerly SSE EV Operational Assets Limited)	AK	**50.0**
Greater Gabbard Offshore Winds Limited ***	B	**50.0**	SSE Slough Multifuel Holdco Limited	B	**50.0**
Green H2 Developments Hold Co Limited	B	**50.0**	SSE Slough Multifuel Limited	B	**50.0**
Green H2 Developments Project Co Limited	B	**50.0**	Stronelairg Wind Farm Limited	A	**50.1**
H2NE Parentco Limited	H	**50.0**			
Ireland					
Allbrite Heatpump Specialists Limited	R	**25.0**	Green Way Energy Limited	M	**50.0**
Bellair Wind Farm Designated Activity Company	I	**50.0**	Kerry Power Limited	M	**49.0**
Cloosh Valley Wind Farm Designated Activity Company	L	**25.0**	Kilberry Wind Farm Designated Activity Company	I	**50.0**
Cloosh Valley Wind Farm Holdings Designated Activity Company	L	**25.0**	Lemanaghan Wind Farm Designated Activity Company	I	**50.0**
Coolnagun Wind Farm Designated Activity Company	I	**50.0**	Lenalea Wind Farm Designated Activity Company	C	**50.0**
Cornafulla Wind Farm Designated Activity Company	I	**50.0**	Littleton Wind Farm Designated Activity Company	I	**50.0**
Derryfadda Wind Farm Designated Activity Company	I	**50.0**	Marron Activ8 Energies Limited	R	**50.0**
Everwind Limited	S	**49.0**	Midas Energy Limited	M	**49.0**
Garryhinch Wind Farm Designated Activity Company	I	**50.0**	Source EV Ireland Limited (formerly SSE EV Ireland Operational Assets Limited)	C	**50.0**
Green Energy Company Limited	M	**47.5**			

Company	Registered address (Key)	2025 Holding %	Company	Registered address (Key)	2025 Holding %
Jersey					
Triton Power Holdings Limited	AH	**50.0**	Triton Power Limited	AH	**50.0**
Triton Power Intermediate Holdings Limited	AH	**50.0**			
Netherlands					
Lely Alpha Offshore Wind General Partner B.V.	AA	**50.0**	Lely Alpha Offshore Wind Projco C.V.	AA	**50.0**
Spain					
ICE Santa Engracia, S.L.U.	V	**44.6**			

** 50.1% of voting rights held
*** Joint Operation

A3.1.3 Associates

Company	Registered address (Key)	2025 Holding %	Company	Registered address (Key)	2025 Holding %
United Kingdom					
Corran Environmental LP	AL	**100.0**	St Clements Services Limited	P	**25.0**

A3.1.4 Registered address key

Reference	Company registered address
A	Inveralmond House, 200 Dunkeld Road, Perth PH1 3AQ
B	No 1 Forbury Place, 43 Forbury Road, Reading RG1 3JH
C	Red Oak South, South County Business Park, Leopardstown, Dublin 18
D	Ocean Court, Caspian Road, Atlantic Street, Altrincham, WA14 5HH
E	Keadby Power Station, Trentside, Keadby, Scunthorpe, North Lincs DN17 3AZ
F	3rd Floor, Millennium House, 25 Great Victoria Street, Belfast, BT2 7AQ
G	Tower House, Loch Promenade, Douglas, Isle of Man
H	Suite 1 7th Floor, 50 Broadway, London, United Kingdom, SW1H 0BL
I	Main St, Newbridge, Kildare, Ireland
J	One Kingdom Street, London, United Kingdom, W2 6BD
K	10 Fleet Place, London, EC4M 7QS
L	6th Floor, South Bank House, Barrow Street, Dublin 4
M	Lissarda Industrial Park, Lissarda, Macroom, County Cork
N	Oceanic Way, Marchwood Industrial Park, Marchwood, Southampton SO40 4BD
O	Severn Road, Hallen, Bristol, BS10 7SP
P	4 – 6 Church Walk, Daventry, NN11 4BL
Q	Unit 14 Maryland Industrial Estate, Ballygowan Road, Belfast
R	Nexus N2 Business Park, Carrickmacross, Monaghan, A81 XK73, Ireland
S	Gorthleahy, Macroom, Co Cork, Ireland
T	Second Floor Eagle Court 2, Hatchford Way, Birmingham B26 3RZ
U	c/o Bird & Bird LLP, Maximiliansplatz 22, Munich 80333
V	Calle de la Portalada, 50, 26.006, Logroño (La Rioja), Spain
W	United Agent Group Inc, 1521 Concord Pike, Suite 201, Wilmington DE 19803
X	Towarowa no.28, suite 00-839, Warsaw, Poland
Y	Roppongi Grand Tower, 3-2-1 Roppongi, Minato-ku, Tokyo, Japan
Z	Unit 42 Block 528, Grants View, Greenogue Business Park, Rathcoole, Dublin, Ireland
AA	Hofplein 20, Rotterdam, 3032 AC, Netherlands
AB	16 Kifissias Ave, 11526, Athens, Greece
AC	Viale Luca Gaurico, 91/93, 00143, Rome, Italy
AD	Spain: calle Buenos Aires, 12, 48.001, Bilbao, Spain
AE	97 allée Alexandre Borodine, Immeuble Cèdre 3, 69800, Saint Priest, France
AF	Saltend Power Station Saltend Chemicals Park, Hedon Road, Hull, East Riding of Yorkshire, England, HU12 8GA
AG	Windmill Hill Business Park, Whitehill Way, Swindon, Wiltshire, United Kingdom, SN5 6PB
AH	22 Grenville Street, St Helier, Jersey, JE4 SPX
AI	Level 12, The Shard, 32 London Bridge Street, London, SE1 9SG
AJ	Plac Marszałka Józefa Piłsudskiego 2 00-073 Warsaw
AK	19th Floor 10 Upper Bank Street, London, England, E14 5BF
AL	4th Floor, 7 Castle Street, Edinburgh, EH2 3AH

A4 Joint ventures and associates

The Directors have assessed that the investments in the following equity accounted joint ventures and associates are of a sufficiently material impact to warrant additional disclosure on an individual basis. Details of the financial position and financial results of the Group:

Company	Class of shares held	Proportion of shares held %	Group Interest %	Year end date	Consolidation basis
United Kingdom					
Seabank Power Limited	Ordinary	50.0	50.0	31 December	Equity
Marchwood Power Limited	Ordinary	50.0	50.0	31 December	Equity
SSE Slough Multifuel Holdco Limited	Ordinary	50.0	50.0	31 March	Equity
Clyde Windfarm (Scotland) Limited	Ordinary	50.1	50.1	31 March	Equity
Seagreen Holdco 1 Limited	Ordinary	49.0	49.0	31 March	Equity
Beatrice Offshore Windfarm Holdco Limited	Ordinary	40.0	40.0	31 March	Equity
Dunmaglass Wind Farm Limited	Ordinary	50.1	50.1	31 March	Equity
Stronelairg Wind Farm Limited	Ordinary	50.1	50.1	31 March	Equity
Neos Networks Limited	Ordinary	50.0	50.0	31 March	Equity
Doggerbank Offshore Wind Farm Project 1 Holdco Limited	Ordinary	40.0	40.0	31 March	Equity
Jersey					
Triton Power Holdings Limited	Ordinary	50.0	50.0	31 December	Equity

Summary information for material joint ventures and associates from unaudited financial statements is as follows:

	Seabank Power Limited 2025 £m	Marchwood Power Limited 2025 £m	SSE Slough Multifuel Holdco Limited 2025 £m	Clyde Windfarm (Scotland) Limited 2025 £m	Seagreen Holdco 1 Limited 2025 £m	Beatrice Offshore Windfarm Holdco Limited 2025 £m	Dunmaglass Wind Farm Limited 2025 £m	Stronelairg Wind Farm Limited 2025 £m	Triton Power Holdings Limited 2025 £m	Neos Networks Limited 2025 £m	Doggerbank Offshore Wind Farm Project 1 Holdco Limited 2025 £m	Other[i] 2025 £m	Total 2025 £m
Revenue	288.1	96.3	60.0	194.6	354.0	171.1	37.7	106.6	402.6	128.9	14.8	83.2	1,937.9
Other income	–	–	–	–	23.2	245.7	–	–	–	–	–	0.1	269.0
Depreciation and amortisation	(7.0)	(35.0)	(8.4)	(29.2)	(98.6)	(88.0)	(8.0)	(13.7)	(34.5)	(98.6)	(2.2)	(36.1)	(459.3)
Other operating costs	(241.9)	(19.5)	(21.0)	(41.4)	(89.6)	(94.8)	(8.1)	(20.4)	(420.3)	(74.7)	(6.8)	(59.4)	(1,097.9)
Movement on Derivatives	–	–	–	–	(53.8)	–	–	–	(3.4)	–	–	–	(57.2)
Operating profit	39.2	41.8	30.6	124.0	135.2	234.0	21.6	72.5	(55.6)	(44.4)	5.8	(12.2)	592.5
Interest expense	1.4	(1.6)	(15.2)	(18.5)	(209.3)	(59.3)	(6.2)	(11.9)	5.1	(22.3)	(1.5)	(8.7)	(348.0)
Profit before tax	40.6	40.2	15.4	105.5	(74.1)	174.7	15.4	60.6	(50.5)	(66.7)	4.3	(20.9)	244.5
Corporation tax	(11.1)	(9.2)	3.8	(26.9)	63.5	(22.7)	(3.4)	(14.8)	14.9	–	(1.1)	(0.7)	(7.7)
Profit after tax	29.5	31.0	19.2	78.6	(10.6)	152.0	12.0	45.8	(35.6)	(66.7)	3.2	(21.6)	236.8
Recognised in other comprehensive income													
Cash flow hedges	–	–	0.6	–	(3.3)	(12.8)	–	–	–	–	(49.8)	9.7	(55.6)
Taxation	–	–	–	–	0.8	3.3	–	–	–	–	12.5	(2.6)	14.0
Other	–	–	–	–	–	–	–	–	–	–	–	15.8	15.8
	–	–	0.6	–	(2.5)	(9.5)	–	–	–	–	(37.3)	22.9	(25.8)
Total comprehensive income/(loss)	29.5	31.0	19.8	78.6	(13.1)	142.5	12.0	45.8	(35.6)	(66.7)	(34.1)	1.3	211.0
SSE share of profit (based on % equity)	14.8	15.5	9.6	39.4	(5.2)	60.8	6.0	22.9	(17.8)	(33.4)	1.3	(24.0)	89.9
Dividends paid to shareholders	47.0	44.2	–	102.0	38.9	119.3	12.4	55.0	–	–	–	11.1	429.9
Non-current assets	82.8	114.1	471.4	510.1	3,027.6	1,750.4	165.2	304.7	184.1	493.9	3,670.4	5,966.4	16,741.1
Current assets	56.7	8.5	14.9	86.8	47.2	62.7	16.7	49.8	164.1	26.3	21.6	68.4	623.7
Cash and cash equivalents	51.8	20.7	21.9	45.1	95.3	104.0	18.4	27.7	5.1	23.1	60.6	255.7	729.4
Current liabilities	(44.9)	(18.2)	(11.1)	(42.8)	(13.0)	(199.7)	(7.3)	(25.5)	(68.7)	(121.2)	(86.7)	(227.5)	(866.6)
Non-current liabilities	(26.3)	(29.5)	(370.6)	(431.7)	(2,424.9)	(1,619.6)	(144.8)	(262.5)	(12.3)	(373.0)	(3,042.7)	(5,276.7)	(14,014.6)
Net assets	120.1	95.6	126.5	167.5	732.2	97.8	48.2	94.2	272.3	49.1	623.2	786.3	3,213.0
Group equity interest	50.0%	50.0%	50.0%	50.1%	49.0%	40.0%	50.1%	50.1%	50.0%	50.0%	40.0%	–	–
Net assets													
Group's share of ownership interest	60.1	47.8	63.3	83.9	358.8	39.1	24.1	47.2	136.2	24.6	249.3	359.9	1,494.3
Other adjustments	(20.4)	(0.3)	31.7	39.9	100.3	(1.1)	65.5	202.9	1.6	(23.3)	2.4	93.8	493.0
Carrying value of Group's equity interest	39.7	47.5	95.0	123.8	459.1	38.0	89.6	250.1	137.8	1.3	251.7	453.7	1,987.3

Accompanying information continued

A4 **Joint ventures and associates** continued

	Seabank Power Limited 2024 £m	Marchwood Power Limited 2024 £m	SSE Slough Multifuel Holdco Limited 2025 £m	Clyde Windfarm (Scotland) Limited 2024 £m	Seagreen Holdco 1 Limited 2024 £m	Beatrice Offshore Windfarm Holdco Limited 2025 £m	Dunmaglass Wind Farm Limited 2024 £m	Stronelairg Wind Farm Limited 2024 £m	Triton Power Holdings Limited 2024 £m	Neos Networks Limited 2024 £m	Doggerbank Offshore Wind Farm Project 1 Holdco Limited 2024 £m	Other[i] 2024 £m	Total 2024 £m
Revenue	258.8	56.3	0.9	168.3	282.0	155.1	37.1	90.7	811.5	122.3	0.5	69.3	2,052.8
Other income	–	–	–	–	–	220.3	–	–	–	–	–	–	220.3
Depreciation and amortisation	(6.9)	(39.7)	–	(29.0)	(81.5)	(87.8)	(7.7)	(13.7)	(34.6)	(93.2)	(0.4)	(26.7)	(421.2)
Other operating costs	(197.0)	(28.8)	(4.4)	(38.3)	(36.1)	(112.1)	(7.3)	(19.5)	(750.9)	(93.7)	(2.8)	(28.0)	(1,318.9)
Movement on Derivatives	–	–	–	–	167.4	–	–	–	(41.2)	–	–	–	126.2
Operating profit	54.9	(12.2)	(3.5)	101.0	331.8	175.5	22.1	57.5	(15.2)	(64.6)	(2.7)	14.6	659.2
Interest expense	0.8	(3.2)	(0.5)	(16.8)	(121.0)	(62.2)	(5.8)	(10.8)	8.4	(20.4)	–	(8.0)	(239.5)
Profit before tax	55.7	(15.4)	(4.0)	84.2	210.8	113.3	16.3	46.7	(6.8)	(85.0)	(2.7)	6.6	419.7
Corporation tax	(13.9)	1.0	(4.1)	(21.9)	(55.3)	(38.8)	(4.2)	(12.0)	(4.2)	–	(0.7)	(3.8)	(157.9)
Profit after tax	41.8	(14.4)	(8.1)	62.3	155.5	74.5	12.1	34.7	(11.0)	(85.0)	(3.4)	2.8	261.8
Recognised in other comprehensive income													
Cash flow hedges	–	–	0.2	–	(46.3)	(1.4)	–	–	–	–	(31.9)	(46.6)	(126.0)
Taxation	–	–	(0.1)	–	11.6	0.4	–	–	–	–	8.0	11.7	31.6
	–	–	0.1	–	(34.7)	(1.0)	–	–	–	–	(23.9)	(34.9)	(94.4)
Total comprehensive income/(loss)	41.8	(14.4)	(8.0)	62.3	120.8	73.5	12.1	34.7	(11.0)	(85.0)	(27.3)	(32.1)	167.4
SSE share of profit (based on % equity)	20.9	(7.2)	(4.0)	31.2	76.2	29.8	6.1	17.4	(5.5)	(42.5)	(1.4)	(6.9)	114.1
Dividends paid to shareholders	38.0	14.3	–	146.0	42.8	34.3	33.0	70.0	65.0	–	–	18.4	461.8
Non-current assets	89.5	124.1	192.5	537.9	3,556.6	1,873.1	173.3	316.3	432.9	538.0	3,115.0	4,866.1	15,815.3
Current assets	37.3	37.4	229.2	80.8	47.8	70.9	19.3	41.9	3.6	32.0	34.2	57.8	692.2
Cash and cash equivalents	70.8	19.6	5.0	40.6	245.7	102.3	8.6	29.1	4.6	22.0	87.4	187.8	823.5
Current liabilities	(14.0)	(34.6)	(77.3)	(12.7)	(309.0)	(181.3)	(3.1)	(10.6)	(18.6)	(131.0)	(65.6)	(225.1)	(1,082.9)
Non-current liabilities	(46.0)	(37.7)	(20.6)	(434.4)	(3,005.8)	(1,752.9)	(145.4)	(261.4)	(328.9)	(346.0)	(2,726.1)	(4,138.2)	(13,243.4)
Net assets	137.6	108.8	328.8	212.2	535.3	112.1	52.7	115.3	93.6	115.0	444.9	748.4	3,004.7
Group equity interest	50.0%	50.0%	50.0%	50.1%	49.0%	40.0%	50.1%	50.1%	50.0%	50.0%	40.0%	–	–
Net assets	137.6	108.8	328.8	212.2	535.3	112.1	52.7	115.3	93.6	115.0	444.9	748.4	3,004.7
Group's share of ownership interest	68.8	54.4	164.4	106.1	262.3	44.8	26.4	57.8	46.8	57.5	178.0	324.3	1,391.6
Other adjustments	(20.4)	(0.3)	(79.1)	32.6	224.8	(16.0)	66.9	208.3	108.8	(22.9)	2.3	66.6	571.6
Carrying value of Group's equity interest	48.4	54.1	85.3	138.7	487.1	28.8	93.3	266.1	155.6	34.6	180.3	390.9	1,963.2

(i) In addition to the above the following joint ventures and associates have an equity carrying value that constitutes a material investment of the Group: Doggerbank Offshore Wind Farm Project 2 Projco Limited £118.8m (2024: £119.2m): Doggerbank Offshore Wind Farm Project 3 Projco Limited £90.6m (2024: £87.3m) and Ossian Offshore Wind Farm Limited £60.8m (2024: £55.3m).

In addition to the above at 31 March 2025, the Group was owed the following loans from its principal joint ventures: Marchwood Power Limited £nil (2024: £12.2m); Clyde Windfarm (Scotland) Limited £127.1m (2024: £127.1m); Dunmaglass Wind Farm Limited £46.6m (2024: £46.6m); Stronelairg Wind Farm Limited £88.7m (2024: £88.7m); Neos Networks Limited £83.5m (2024: £57.7m); Seagreen Wind Energy Limited £646.0m (2024: £686.4m); SSE Slough Multifuel Limited £181.3m (2024: £157.8m) and Doggerbank A Offshore Windfarm Limited £188.3m (2024: £87.7m).

This represents 92% (2024: 93%) of the loans provided to equity-accounted joint ventures and associates.

A5 Related party transactions

The immediate parent and ultimate controlling party of the Group is SSE plc (incorporated in Scotland). Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Trading transactions

The following transactions took place during the year between the Group and entities which are related to the Group, but which are not members of the Group. Related parties are defined as those in which the Group has control, joint control or significant influence over.

	2025	2025	2025	2025	2024	2024	2024	2024
	Sale of goods and services £m	**Purchase of goods and services £m**	**Amounts owed from £m**	**Amounts owed to £m**	Sale of goods and services £m	Purchase of goods and services £m	Amounts owed from £m	Amounts owed to £m
Joint arrangements:								
Marchwood Power Limited	**111.2**	**(116.1)**	**–**	**(5.0)**	42.6	(63.2)	–	(13.0)
Clyde Windfarm (Scotland) Limited	**5.6**	**(187.6)**	**0.1**	**(51.6)**	5.6	(153.9)	–	(48.7)
Beatrice Offshore Windfarm Limited	**6.3**	**(86.1)**	**1.2**	**(7.1)**	4.8	(75.5)	2.0	(6.8)
Stronelairg Wind Farm Limited	**2.6**	**(88.4)**	**0.1**	**(25.1)**	2.5	(75.6)	–	(20.8)
Dunmaglass Wind Farm Limited	**1.2**	**(32.6)**	**–**	**(9.0)**	1.1	(32.2)	–	(8.6)
Neos Networks Limited	**6.8**	**(28.2)**	**2.1**	**(4.0)**	3.8	(28.5)	6.1	(4.7)
Seagreen Wind Energy Limited	**54.6**	**(171.5)**	**13.6**	**(16.8)**	19.8	(113.4)	11.3	(11.7)
Doggerbank A, B, C and D	**47.7**	**(2.8)**	**36.5**	**(1.0)**	36.5	–	10.7	–
Other joint arrangements	**31.4**	**(172.1)**	**13.1**	**(54.3)**	18.0	(209.4)	6.7	(63.9)

The transactions with Marchwood Power Limited relate to the contracts for the provision of energy or the tolling of energy under power purchase arrangements.

Details of the Group's 15-year Affiliate Contract for Difference agreement with Seagreen Wind Energy Limited are included in note A7.2.

The amounts outstanding are trading balances, are unsecured and will be settled in cash. Aggregate capital loans to joint ventures and associates are shown in note 16.

A6 Financial risk management

This note presents information about the fair value of the Group's financial instruments, the Group's exposure to the risks associated with those instruments, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further qualitative disclosures are included throughout these consolidated financial statements.

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Commodity risk
- Currency risk
- Interest rate risk

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's policies for risk management are established to identify the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Exposure to commodity, currency and interest rate risks arise in the normal course of the Group's business and derivative financial instruments are entered into to hedge exposure to these risks.

SSE has a Group wide Risk Committee reporting to the Group Executive Committee, which is responsible for reviewing the strategic, market, credit, operational and liquidity risks and exposures that arise from the Group's operating activities. In addition, the Group has two dedicated Energy Market risk committees reporting to the Group Executive Committee and Board respectively, with the Group Executive Sub-committee chaired by the Group Chief Commercial Officer (the "Group Energy Markets Exposures Risk Committee") and the Board Sub-committee chaired by Non-Executive Director Tony Cocker (the "Energy Markets Risk Committee (EMRC)"). These Committees oversee the Group's management of its energy market exposures, including its approach to hedging.

A6 Financial risk management continued

During the year ended 31 March 2025, the Group continued to be exposed to the economic conditions impacting the primary commodities to which it is exposed (Gas, Carbon and Power). The Group's approach to hedging, and the diversity of its energy portfolios (across Wind, Hydro, Thermal and Customers) has provided certain mitigation of these exposures.

At 31 March, the Group's collateral position was as follows:

	Note	2025 £m	2024 £m
Collateral posted included within trade and other receivables	18	**9.6**	9.3
Collateral held included within trade and other payables	19	**(82.5)**	(362.5)
Net collateral held		**(72.9)**	(353.2)

Exposure to the commodity, currency and interest rate risks noted arise in the normal course of the Group's business and derivative financial instruments are entered into to hedge exposure to these risks. The objectives and policies for holding or issuing financial instruments and similar contracts, and the strategies for achieving those objectives that have been followed during the year are explained below.

A6.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty fails to meet its contractual obligations.

Credit risk arising from the Group's normal commercial operations is controlled by individual business units operating in accordance with Group policies and procedures. Generally, for significant contracts, individual business units enter into contracts or agreements with counterparties having investment grade credit ratings only, or where suitable collateral or other security has been provided. Counterparty credit validation is undertaken prior to contractual commitment.

Credit risk management for the Group's SSEN Transmission and SSEN Distribution businesses is performed in accordance with industry standards as set out by the Regulator and is financially controlled by the individual business units. The Group's greatest credit risks lie with the operations of the Customers business, the wholesale procurement activities conducted by SSE Energy Markets under a trust arrangement and the activities carried out by the Group's Treasury function. In all cases, specific credit risk controls that match the risk profile of those activities are applied. Exposure to credit risk in the retail supply of electricity and gas to end user customers arises from the potential of a customer defaulting on their invoiced payables. The Group exposure to domestic retail supply customers is limited to customers of the Group's Airtricity business. The creditworthiness of these customers is reviewed from a variety of internal and external information. The financial strength and creditworthiness of business customers is assessed prior to commencing, and for the duration of, their contract of supply.

Exposure to credit risk in the procurement of wholesale energy and fuel is managed by reference to agreed transaction credit limits which are determined by whether the counterparty:

- holds an investment grade credit rating; or
- can be assessed as adequately creditworthy in accordance with internal credit rules using information from other external credit agencies; or
- can provide a guarantee from an investment grade rated entity or post suitable collateral or provide other acceptable assurances in accordance with group procedures where they have failed to meet the above conditions; or
- can be allocated a non-standard credit limit approved by the relevant authority as delegated by the Group Board.

Credit support clauses and Master Netting Agreements are typically included or entered into in order to mitigate the impact to the Group against counterparty failure or non-delivery. As part of its normal activities, SSE Energy Markets transacts significant volumes of commodity derivative products through cleared exchanges to mitigate credit risk. Such exchanges are subject to strict regulation by the UK Financial Conduct Authority (FCA) and participants in these exchanges are obliged to meet rigorous capital adequacy requirements.

Individual counterparty credit exposures are monitored regularly and are subject to approved limits. At 31 March 2025, SSE Energy Markets had pledged no cash collateral (2024: £nil) and £494.9m (2024: £459.9m) of letters of credit, and had received £72.9m (2024: £353.2m) of cash collateral and £77.8m (2024: £130.8m) of letters of credit principally to reduce exposures on credit risk.

Bank credit exposures, which are monitored and reported on daily, are calculated on a mark-to-market basis and adjusted for future volatility and probability of default. Any issues relating to these credit exposures are presented for discussion and review by the Tax and Treasury Committee.

Credit exposure also exists in relation to financial guarantees issued by Group companies under which the total outstanding exposure at 31 March 2025 was £339.9m (2024: £684.9m) in respect of liabilities of joint ventures and associates and £479.3m (2024: £479.3m) in respect of the liabilities of former subsidiaries. An amount of £25.5m (2024: £39.5m) is recorded as a liability at 31 March 2025 in respect of the carrying value of these guarantees. Expected loss allowances for financial guarantee contracts have been reviewed at the balance sheet date and will be reviewed on an annual basis.

Cash and cash equivalents comprise cash in hand and deposits of three months or less which are readily convertible to cash. These are subject to insignificant risk of change in value or credit risk.

Derivative financial instruments are entered into to cover the Group's market risks – commodity risk, interest rate risk, currency risk – and are consequently covered elsewhere in this note.

Trade receivables represent the most significant exposure to credit risk and are stated after an allowance for impairment.

A6.2 Concentrations of risk

Trade receivables recorded by reported segment held at the 31 March were:

	2025 £m	2024 £m (restated*)
SSEN Transmission	**14.0**	5.9
SSEN Distribution	**181.1**	133.5
SSE Renewables	**100.3**	97.9
Thermal		
SSE Thermal	**66.5**	43.6
Gas Storage	**1.0**	1.0
Energy Customer Solutions		
SSE Business Energy	**505.8**	553.2
SSE Airtricity	**172.2**	115.5
SSE Energy Markets	**423.8**	311.7
Corporate Unallocated	**15.5**	43.2
Total SSE Group	**1,480.2**	1,305.5

* The comparative has been restated to reallocate £12.3m trade receivables from SSE Enterprise to SSE Business Energy (£7.8m) and SSE Thermal (£4.5m).

Energy Customer Solutions (SSE Business Energy and SSE Airtricity) accounts for 45.8% (2024: 50.6%) of the Group's trade receivables from continuing operations. Trade receivables associated with the Group's 1.1 million electricity and gas customers are recorded within this business unit. The Group also has significant trade receivables associated with its SSE Energy Markets activities which are generally settled within two to four weeks from invoicing. The Group's exposure to credit risk is therefore subject to diversification with no exposure to individual retail customers totalling >10% of trade receivables. The largest customer balance, due from a SSE Energy Markets customer (also a SSE Energy Markets supplier), is 4% (2024: 3%) of the total trade receivables.

The ageing of trade receivables at the reporting date was:

	2025 £m	2024 £m
Not past due	**1,081.0**	962.6
Past due but not individually impaired:		
0 – 30 days	**140.0**	132.5
31 – 90 days	**142.7**	119.9
Over 90 days	**332.0**	343.9
	1,695.7	1,558.9
Less: allowance for impairment	**(215.5)**	(253.4)
Net trade receivables	**1,480.2**	1,305.5

The Group has past due debt which has not had an impairment allowance set aside to cover potential credit losses. The Group has certain procedures to pursue customers in significant arrears and believes its impairment policy in relation to such balances is appropriate. The level of aged debt across all periods remains consistent with the prior year, supported by the operational stability of SSE Business Energy's new billing platform, alongside decreasing levels of government support available to customers. The Group also considers various risk factors when assessing the level of provision to recognise. Trade receivables and contract assets are written off when there is no reasonable expectation of recovery.

The debt impairment charge of £47.1m per the income statement (2024: £128.8m), primarily includes the write-off of £85.0m of trade receivables (2024: £44.6m) offset by a decrease in the bad debt provision of £37.9m (2024: £84.2m increase).

The Group has other receivables which are financial assets totalling £6.6m (2024: £4.1m).

The movement in the allowance for impairment of trade receivables was:

	2025 £m	2024 £m
Balance at 1 April	**253.4**	169.2
Increase in allowance for impairment	**48.8**	121.5
Impairment losses recognised	**(86.7)**	(37.3)
Balance at 31 March	**215.5**	253.4

A6 Financial risk management continued

A6.3 Liquidity risk and Going Concern

Liquidity risk, the risk that the Group will have insufficient funds to meet its liabilities, is managed by the Group's Treasury function. The Group can be exposed to significant movements in its liquidity position due to changes in commodity prices, working capital requirements, the impact of the seasonal nature of the business and phasing of its capital investment programme.

Treasury is responsible for managing the banking and liquidity requirements of the Group, risk management relating to interest rate and foreign exchange exposures, and for managing the credit risk relating to the banking counterparties with which it transacts. Short term liquidity is reviewed daily by Treasury, while the longer-term liquidity position is reviewed on a regular basis by the Board. The department's operations are governed by policies determined by the Board and any breaches of these policies are reported to the Tax and Treasury Committee and Audit Committee.

In relation to the Group's liquidity risk, the Group's policy is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

During the year, the Group's internal approach to managing liquidity was to seek to ensure that the Group had available committed borrowings and facilities equal to at least 105% of forecast borrowings over a rolling 6 month period.

The Group uses cash flow forecasts to monitor its ongoing borrowing requirements. Typically, the Group will fund any short term borrowing positions by issuing commercial paper or borrowing from committed and uncommitted bank lines and will invest in money market funds when it has a cash surplus. Details of the Group's borrowings are disclosed at note 21. In addition to the borrowing facilities listed at note 21.3, the Group has a £21m overdraft facility.

The refinancing requirement in the 25/26 financial year is £1.9bn, being the £0.9bn of short term Commercial Paper that matures between April and June, and £1.0bn of medium to long term debt maturing being the €600m (£531m) Eurobond maturing 16 April 2025 and €600m (£503m) Eurobond maturing 8 September 2025. The Directors are confident in the ability of the Group to maintain a funding level above 105% for the Going Concern assessment period based on the strong credit standing and borrowing history of the Group for both fixed debt and commercial paper, as discussed more fully below.

Given the committed bank facilities of £3.0bn, £1.5bn excluding Scottish Hydro Electric Transmission plc facilities, maintained by the Group and the current commercial paper market conditions, the Directors have concluded that both the Group and SSE plc as parent company have sufficient headroom to continue as a Going Concern. In coming to this conclusion, the Directors have taken into account the Group's credit rating and the successful issuance of £16.9bn of medium to long term debt and Hybrid equity since February 2012, including £1.4bn of long term funding in the current financial year.

The Group's period of Going Concern assessment is performed to 31 December 2026, 21 months from the balance sheet date, which is at least 12 months from the filing deadline of its subsidiary companies. While the formal assessment period was to the period ending 31 December 2026, a period of three months beyond this date was reviewed for significant events that may result in a change to the conclusion of the assessment. No events or circumstances were identified in that period beyond the formal assessment. As well as taking account of the factors noted, the Going Concern conclusion is arrived at after applying stress testing sensitivities to the Group's cash flow and funding projections including removal of proceeds from unconfirmed future divestments, negative and positive sensitivities on operating cash flows and uncommitted capex and other adjustments. The Group has also considered its obligations under its debt covenants. There have been no breaches of covenants in the year and the Group's projections support the expectation that there will be no breach of covenants over the period to 31 December 2026. The statement of Going Concern is included in the Audit Committee Report.

As at 31 March 2025, the net value of outstanding cash collateral held in respect of mark-to-market related margin calls on exchange traded positions was £72.9m (2024: £353.2m).

The contractual cash flows shown in the following tables are the contractual undiscounted cashflows under the relevant financial instruments. Where the contractual cashflows are variable based on a price, foreign exchange rate or index in the future, the contractual cashflows in the following tables have been determined with reference to the relevant price, foreign exchange rate, interest rate or index as at the balance sheet date. In determining the interest element of contractual cashflows in cases where the Group has a choice as to the length of interest calculation periods and the interest rate that applies varies with the period selected, the contractual cashflows have been calculated assuming the Group selects the shortest available interest calculation periods. Where the holder of an instrument has a choice of when to redeem, the amounts in the following tables are on the assumption the holder redeems at the earliest opportunity.

The following are the undiscounted contractual maturities of financial liabilities, including interest and excluding the impact of netting agreements:

Liquidity risk	2025 Carrying value £m	2025 Contractual cash flows £m	2025 0 – 12 months £m	2025 1 – 2 years £m	2025 2 – 5 years £m	2025 > 5 years £m
Financial liabilities						
Loans and borrowings						
Commercial paper and cash advances	1,230.5	(1,243.0)	(1,243.0)	–	–	–
Loans – floating	200.0	(233.3)	(11.1)	(11.1)	(211.1)	–
Loans – fixed	1,300.4	(1,669.0)	(54.6)	(346.7)	(459.1)	(808.6)
Unsecured bonds – fixed	7,507.1	(10,125.6)	(777.9)	(792.8)	(1,999.5)	(6,555.4)
Fair value adjustment	(88.6)	–	–	–	–	–
	10,149.4	(13,270.9)	(2,086.6)	(1,150.6)	(2,669.7)	(7,364.0)
Lease liabilities	455.0	(711.9)	(75.2)	(64.4)	(169.1)	(403.2)
	10,604.4	(13,982.8)	(2,161.8)	(1,215.0)	(2,838.8)	(7,767.2)
Derivative financial liabilities						
Operating derivatives designated at fair value	162.1	387.3	(81.1)	205.9	92.4	170.1
Interest rate swaps used for hedging	76.8	(76.8)	(45.5)	(17.4)	(12.6)	(1.3)
Interest rate swaps designated at fair value	31.0	(31.0)	(7.4)	(7.5)	(5.5)	(10.6)
Forward foreign exchange contracts held for hedging	19.9	(975.4)	(258.1)	(171.8)	(545.5)	–
Forward foreign exchange contracts designated at fair value	4.2	(474.0)	(413.6)	(56.2)	(4.2)	–
	294.0	(1,169.9)	(805.7)	(47.0)	(475.4)	158.2
Other financial liabilities						
Trade payables	710.7	(710.7)	(710.7)	–	–	–
Financial guarantee liabilities	25.5	(25.5)	(2.4)	(7.8)	(3.6)	(11.7)
	736.2	(736.2)	(713.1)	(7.8)	(3.6)	(11.7)
Total	11,634.6	(15,888.9)	(3,680.6)	(1,269.8)	(3,317.8)	(7,620.7)
Derivative financial assets						
Financing derivatives	(83.7)	793.5	544.2	172.9	70.9	5.5
Operating derivatives designated at fair value	(158.2)	366.5	304.6	26.0	24.0	11.9
	(241.9)	1,160.0	848.8	198.9	94.9	17.4
Net total[i]	11,392.7	(14,728.9)	(2,831.8)	(1,070.9)	(3,222.9)	(7,603.3)

Accompanying information continued

A6 Financial risk management continued

A6.3 Liquidity risk and Going Concern continued

Liquidity risk	2024 Carrying value £m	2024 Contractual cash flows £m	2024 0 – 12 months £m	2024 1 – 2 years £m	2024 2 – 5 years £m	2024 > 5 years £m
Financial liabilities						
Loans and borrowings						
Commercial paper and cash advances	840.4	(852.4)	(852.4)	–	–	–
Loans – floating	200.0	(244.3)	(11.1)	(11.1)	(222.1)	–
Loans – fixed	1,367.0	(1,883.2)	(255.7)	(47.1)	(445.5)	(1,134.9)
Unsecured bonds – fixed	6,317.9	(8,964.7)	(218.8)	(1,174.7)	(856.4)	(6,714.8)
Fair value adjustment	0.9	–	–	–	–	–
	8,726.2	(11,944.6)	(1,338.0)	(1,232.9)	(1,524.0)	(7,849.7)
Lease liabilities	407.5	(616.5)	(91.8)	(54.1)	(142.1)	(328.5)
	9,133.7	(12,561.1)	(1,429.8)	(1,287.0)	(1,666.1)	(8,178.2)
Derivative financial liabilities						
Operating derivatives designated at fair value	428.4	(904.4)	(1,239.2)	(73.2)	90.2	317.8
Interest rate swaps used for hedging	57.4	(57.4)	(26.1)	(10.6)	(16.9)	(3.8)
Interest rate swaps designated at fair value	38.4	(38.4)	(5.2)	(5.2)	(9.8)	(18.2)
Forward foreign exchange contracts held for hedging	30.5	(1,340.9)	(557.7)	(99.8)	(647.6)	(35.8)
Forward foreign exchange contracts designated at fair value	12.7	377.1	352.2	22.1	2.8	–
	567.4	(1,964.0)	(1,476.0)	(166.7)	(581.3)	260.0
Other financial liabilities						
Trade payables	656.7	(656.7)	(656.7)	–	–	–
Financial guarantee liabilities	39.5	(39.5)	(2.9)	(2.7)	(7.8)	(26.1)
	696.2	(696.2)	(659.6)	(2.7)	(7.8)	(26.1)
Total	10,397.3	(15,221.3)	(3,565.4)	(1,456.4)	(2,255.2)	(7,944.3)
Derivative financial assets						
Financing derivatives	(120.5)	(168.3)	(179.7)	(1.3)	12.7	–
Operating derivatives designated at fair value	(479.8)	761.6	756.7	6.6	(1.7)	–
	(600.3)	593.3	577.0	5.3	11.0	–
Net total[(i)]	9,797.0	(14,628.0)	(2,988.4)	(1,451.1)	(2,244.2)	(7,944.3)

(i) The Group believes the liquidity risk associated with out-of-the-money operating derivative contracts needs to be considered in conjunction with the profile of payments or receipts arising from derivative financial assets. It should be noted that cash flows associated with future energy sales and commodity contracts which are not IFRS 9 financial instruments are not included in this analysis, which is prepared in accordance with IFRS 7 "Financial Instruments: Disclosures".

A6.4 Commodity risk

The Group's Energy Markets business implements the hedging policy through trading in the commodity markets and manages the requirement for the delivery of the Group's physical commodity needs as part of its normal course of business. The risk management activity carried out by SSE Energy Markets arises from the Group's requirement to source gas, electricity or other commodities such as renewable obligation certificates for SSE Business Energy and SSE Airtricity, and to procure fuel and other commodities and provide a route-to-market and risk management services for SSE Renewables, SSE Thermal, and Gas Storage.

Current hedging approach

The Group has traded in three principal commodities during the year, as well as the spreads between two or more commodity prices: power (baseload and other products); gas; and carbon (emissions allowances). Each commodity has different liquidity characteristics, which impacts on the degree of hedging possible. Similarly, each of the Group's assets carries different exposures to the commodity market and thus requires a different approach to hedging. As such, the Group's current hedging approach varies by each class of asset as follows:

Asset class	Minimum Hedge Target	Principal Commodity Exposures
GB Wind	Target to hedge less than 100% of anticipated wind energy output for the coming 12 months, progressively establishing the hedge over the 36 months prior to delivery. From September 2023, this has been around 80%.	Power, Gas, Carbon
Hydro	80% of forecast generation 12 months in advance of delivery, progressively established over the 36 months prior to delivery.	Power, Gas, Carbon
GB Thermal	100% of expected output 6 months in advance of delivery, progressively established over the 18 months prior to delivery.	Power, Gas, Carbon
Gas Storage	The assets were commercially operated throughout the year and the business managed its exposure to changes in the spread between summer and winter prices, market volatility and plant availability.	Gas
SSE Business Energy	Sales to contract customers are 100% hedged: at point of sale for fixed, upon instruction for flexi and on a rolling basis for tariff customers.	Power, Gas

However, there are three principal areas where significant variations in earnings cannot be fully mitigated through hedging:

- The impact of the weather on the volume of electricity produced from renewable sources;
- The impact of operational matters such as unplanned outages; and
- The ability of flexible thermal power stations to earn extrinsic income by providing services to the electricity system and by responding to shorter-term electricity market conditions.

Hedging is carried out by each asset class trading internally with SSE Energy Markets to affect these hedges and SSE Energy Markets then trading onwards with external counterparties and markets. SSE Energy Markets is only able to accept internal trades when there is sufficient liquidity to offset them in the external market or they can be offset with internal trades from other asset classes. In this way, the commodity risks to which SSE Energy Markets is individually exposed, are minimised.

The volumetric extent to which assets are hedged are reported monthly to the Group Energy Markets Exposures Risk Committee, and to the Energy Markets Risk Committee ("EMRC") on at least a quarterly basis. Variations to the hedging approach above will be required as markets and other factors (such as asset disposals) change. The EMRC also receives reporting on credit risk, other risk measures, and market liquidity in assessing whether any variations to the hedging approach are required.

The Group measures and manages the Commodity Risk associated with the financial and non-financial commodity contracts it is exposed to. However, within the Group's financial statements only certain commodity contracts are designated as financial instruments under IFRS 9. As a result, it is only the fair value of those IFRS 9 financial instruments which represents the exposure of the Group's commodity price risk under IFRS 7. This is a consequence of the Group's accounting policy which stipulates that commodity contracts which are designated as financial instruments under IFRS 9 should be accounted for on a fair value basis with changes in fair value reflected in profit or equity. Conversely, commodity contracts that are not designated as financial instruments under IFRS 9 will be accounted for as "own use" contracts. As fair value changes in own use contracts are not reflected through profit or equity, these do not represent the IFRS 7 commodity price risk. Furthermore, other physical contracts can be treated as the hedging instrument in documented cash flow hedging relationships where the hedged item is the forecast future purchase requirement to meet production or customer demand. The accounting policies associated with financial instruments are explained in the Accompanying Information section A1.

Sensitivity analysis

The Group's exposure to commodity price risk according to IFRS 7 is measured by reference to the Group's IFRS 9 commodity contracts. IFRS 7 requires disclosure of a sensitivity analysis for market risks that is intended to illustrate the sensitivity of the Group's financial position and performance to changes in market variables impacting upon the fair value or cash flows associated with the Group's financial instruments.

Therefore, the sensitivity analysis provided discloses the effect on profit or loss and equity at the balance sheet date assuming that a reasonably possible change in the relevant commodity price had occurred and been applied to the risk exposures in existence at that date. The reasonably possible changes in commodity prices used in the sensitivity analysis were determined based on calculated or implied volatilities where available, or historical data.

A6 Financial risk management continued

A6.4 Commodity risk continued

The sensitivity analysis has been calculated on the basis that the proportion of commodity contracts that are IFRS 9 financial instruments remains consistent with those at that point. Excluded from this analysis are all commodity contracts that are not financial instruments under IFRS 9.

	2025		2024	
	Base Price(i)	**Reasonably possible increase/ decrease in variable**	Base Price(i)	Reasonably possible increase/ decrease in variable
Commodity prices				
UK gas (p/therm)	**89**	**+50 / –40**	91	+73 / –54
EU gas (€/MWh)	**34**	**+19 / –15**	–	–
UK power (£/MWh)	**88**	**+39 / –34**	72	+43 / –34
UK carbon (£/tonne)	**45**	**+23 / –19**	37	+31 / –22
EU carbon (€/tonne)	**71**	**+40 / –32**	40	+20 / –16
IRL power (€/MWh)	**123**	**+59 / –48**	106	+86 / –63
EU power (€/MWh)	**31**	**+11 / –10**	24	+12 / –10

(i) The base price represents the weighted average forward market price over the duration of the active market curve used to calculate the sensitivity analysis. The reasonably possible increase/decrease in market prices has been determined via SSE Energy Markets price model simulations and the volatility assumptions of the model have been calibrated from a look-back analysis over the previous 12 month period.

The impacts of reasonably possible changes in commodity prices on profit after taxation based on the rationale described are as follows:

Incremental profit/(loss)	**2025 Impact on profit and equity (£m)**	2024 Impact on profit and equity (£m)
Commodity prices combined – increase	**(287.1)**	(7.1)
Commodity prices combined – decrease	**212.6**	(0.4)

The sensitivity analysis provided is hypothetical and is based on the exposure to energy-related commodities, and their corresponding valuation under IFRS 9, that the Group has at each year end. This analysis should be used with caution as the impacts disclosed are not necessarily indicative of the actual impacts that would be experienced given it does not consider all interrelationships, consequences and effects of such a change in those prices.

A6.5 Currency risk

The Group publishes its consolidated financial statements in Sterling but also conducts business in foreign currencies. As a result, it is subject to foreign currency exchange risk arising from exchange rate movements which will be reflected in the Group's transaction costs or in the underlying foreign currency assets of its foreign operations.

The Group's policy is to use forward contracts, swaps and options to manage its exposures to foreign exchange risk. All such exposures are transactional in nature, and relate primarily to procurement contracts, commodity purchasing and related freight requirements, commodity hedging, long term plant servicing and maintenance agreements and the purchase and sale of carbon emission certificates. The policy is to seek to hedge 100% of its currency requirements arising under all committed contracts excepting commodity hedge transactions, the requirements for which are significantly less predictable. The policy for these latter transactions is to assess the Group's requirements on a rolling basis and to enter into cover contracts as appropriate.

The Group has foreign operations with significant Euro-denominated and JPY-denominated net assets. The Group's policy is to hedge its net investment in its foreign operations by ensuring the net assets whose functional currency cash flows are denominated in foreign currencies are matched by borrowings in the same currency. For SSE Pacifico, whose functional currency is JPY but which presently has limited capital commitments, SSE has no JPY denominated borrowings and hence has no current net investment hedge. For the acquired net assets whose functional cash flows are in Sterling, the Group will ensure Sterling denominated borrowings are in place to minimise currency risk.

Significant exposures are reported to, and discussed by, the Tax and Treasury Committee on an ongoing basis and additionally form part of the bi-annual Treasury report to the Audit Committee.

At the balance sheet date, the total nominal value of outstanding forward foreign exchange contracts that the Group has committed to is:

	2025 £m	2024 £m
Forward foreign exchange contracts	**4,086.1**	3,197.1

The Group's exposure to foreign currency risk was as follows:

	2025					2024				
	SEK (million)	**$ (million)**	**€ (million)**	**CNH (million)**	**CHF (million)**	SEK (million)	$ (million)	€ (million)	CNH (million)	CHF (million)
Loans and borrowings	**–**	**244.0**	**5,200.0**	**–**	**–**	–	564.0	3,750.0	–	–
Purchase and commodity contract commitments	**4,881.7**	**33.8**	**1,743.7**	**–**	**10.4**	5,344.7	10.7	1,296.1	530.0	10.4
Gross exposure	**4,881.7**	**277.8**	**6,943.7**	**–**	**10.4**	5,344.7	574.7	5,046.1	530.0	10.4
Forward exchange/swap contracts	**4,881.7**	**277.8**	**4,028.9**	**–**	**10.4**	5,344.7	574.7	2,671.3	530.0	10.4
Net exposure (in currency)	**–**	**–**	**2,914.8**	**–**	**–**	–	–	2,374.8	–	–
Net exposure (in £m)	**–**	**–**	**2,441.6**	**–**	**–**	–	–	2,030.2	–	–

This represents the net exposure to foreign currencies, reported in pounds Sterling, and arising from all Group activities. All sensitivity analysis has been prepared on the basis of the relative proportions of instruments in foreign currencies being consistent as at the balance sheet date. This includes only monetary assets and liabilities denominated in a currency other than Sterling and excludes the translation of the net assets of foreign operations but not the corresponding impact of the net investment hedge.

The following sensitivity analysis is provided for monetary assets in Euro only, as the only currency with significant net exposure as at the current and prior year end, as noted above. The sensitivity analysis is indicative only and it should be noted that the Group's exposure to such market rate changes is continually changing. The calculations are based on linear extrapolations of rate changes which may not reflect the actual result which would impact upon the Group.

The majority of these contracts are held to limit exposure to foreign currency movements on asset procurement contracts. A 10% change in foreign currency exchange rates would have had the following impact on profit after taxation, based on the assumptions presented above:

	Equity		Income statement	
	At 31 March 2025 £m	At 31 March 2024 £m	**At 31 March 2025 £m**	At 31 March 2024 £m
Euro	**167.5**	142.5	**35.9**	26.7
	167.5	142.5	**35.9**	26.7

The impact of a decrease in rates would be an identical reduction in the annual charge.

A6.6 Interest rate risk

Interest rate risk derives from the Group's exposure to changes in the value of an asset or liability or future cash flows through changes in interest rates.

The Group's policy is to manage this risk by stipulating that a minimum of 50% of Group borrowings be subject to fixed rates of interest, either directly through the debt instruments themselves or through the use of derivative financial instruments. The floating rate borrowings are provided by banks including the European Investment Bank (EIB). Such instruments include interest rate swaps and options, forward rate agreements and, in the case of debt raised in currencies other than Sterling, cross currency swaps. These practices serve to reduce the volatility of the Group's financial performance.

Although interest rate derivatives are primarily used to hedge risk relating to current borrowings, under certain circumstances they may also be used to hedge future borrowings. Any such pre-hedging is unwound at the time of pricing the underlying debt, either through cash settlement on a net present value basis or by transacting offsetting trades. The floating rate borrowings mainly comprise cash advances from the European Investment Bank (EIB), however the Group is currently carrying a surplus cash position of £1,090.5m (2024: £1,035.9m).

A6 Financial risk management continued

A6.6 Interest rate risk continued

The impact of a change in interest rates is dependent on the specific details of the financial asset or liability in question. Changes in fixed rate financial assets and liabilities, which account for the majority of cash, loans and borrowings, are not measured at fair value through the income statement. In addition to this, changes to fixed-to-floating hedging instruments which are recorded under cash flow hedge accounting also do not impact the income statement. Changes in hedged items and hedging instruments recorded under fair value hedge accounting are recorded through the income statement. The exposure measured is therefore based on variable rate debt and instruments.

The net exposure to interest rates at the balance sheet date can be summarised thus:

	2025 Carrying amount £m	2024 Carrying amount £m
Interest bearing/earning assets and liabilities:		
– fixed	**(9,901.8)**	(8,766.1)
– floating	**349.1**	685.5
	(9,552.7)	(8,080.6)
Represented by:		
Cash and cash equivalents	**1,090.5**	1,035.9
Derivative financial (liabilities)/assets	**(38.8)**	17.2
Loans and borrowings	**(10,149.4)**	(8,726.2)
Lease liabilities	**(455.0)**	(407.5)
	(9,552.7)	(8,080.6)

Following from this, the table below represents the expected impact of a change of 100 basis points in short term interest rates at the reporting date in relation to equity and income statement. The analysis assumes that all other variables, in particular foreign currency rates, remain constant. An increase in exchange rates would be a change to either the income statement or equity. The assessment is based on a revision of the fair value assumptions included in the calculated exposures in the previous table.

All sensitivity analysis has been prepared on the basis of the proportion of fixed to floating instruments being consistent as at the balance sheet date and is stated after the effect of taxation.

The sensitivity analysis is indicative only and it should be noted that the Group's exposure to such market rate changes is continually changing. The calculations are based on linear extrapolations of rate changes which may not reflect the actual result which would impact upon the Group.

	2025 £m	2024 £m
Income statement	**5.6**	2.6

The impact of a decrease in rates would be an equal reduction in the annual charge. There is no impact on equity as the analysis relates to the Group's net exposure at the balance sheet date. Contracts qualifying for hedge accounting are, by definition, part of the Group's covered position.

A7 Fair value of financial instruments

A7.1 Fair value of financial instruments within the Group

The fair values of the primary financial assets and liabilities of the Group together with their carrying values are as follows:

	2025 Amortised cost[(i)] £m	2025 FVTPL/ FVTOCI[(ii)] £m	2025 Total carrying value £m	2025 Fair value £m	2024 Amortised cost[(i)] £m	2024 FVTPL/ FVTOCI[(ii)] £m	2024 Total carrying value £m	2024 Fair value £m
Financial assets								
Current								
Trade receivables	**1,480.2**	**–**	**1,480.2**	**1,480.2**	1,305.5	–	1,305.5	1,305.5
Other receivables	**6.6**	**–**	**6.6**	**6.6**	4.1	–	4.1	4.1
Cash collateral and other deposits	**19.2**	**–**	**19.2**	**19.2**	9.3	–	9.3	9.3
Cash and cash equivalents	**1,090.5**	**–**	**1,090.5**	**1,090.5**	1,035.9	–	1,035.9	1,035.9
Derivative financial assets	**–**	**178.4**	**178.4**	**178.4**	–	536.1	536.1	536.1
	2,596.5	**178.4**	**2,774.9**	**2,774.9**	2,354.8	536.1	2,890.9	2,890.9
Non-current								
Unquoted equity investments	**–**	**8.8**	**8.8**	**8.8**	–	3.2	3.2	3.2
Loan note receivable	**193.5**	**–**	**193.5**	**193.5**	170.1	–	170.1	170.1
Loans to associates and jointly controlled entities	**1,510.3**	**–**	**1,510.3**	**1,510.3**	1,352.9	–	1,352.9	1,352.9
Derivative financial assets	**–**	**63.5**	**63.5**	**63.5**	–	64.2	64.2	64.2
	1,703.8	**72.3**	**1,776.1**	**1,776.1**	1,523.0	67.4	1,590.4	1,590.4
	4,300.3	**250.7**	**4,551.0**	**4,551.0**	3,877.8	603.5	4,481.3	4,481.3
Financial liabilities								
Current								
Trade payables	**(710.7)**	**–**	**(710.7)**	**(710.7)**	(656.7)	–	(656.7)	(656.7)
Outstanding liquid funds	**(82.5)**	**–**	**(82.5)**	**(82.5)**	(362.5)	–	(362.5)	(362.5)
Loans and borrowings[(iii)]	**(1,924.3)**	**28.8**	**(1,895.5)**	**(1,937.0)**	(1,044.5)	–	(1,044.5)	(1,113.6)
Lease liabilities	**(68.5)**	**–**	**(68.5)**	**(68.5)**	(83.5)	–	(83.5)	(83.5)
Financial guarantee liabilities	**–**	**(2.4)**	**(2.4)**	**(2.4)**	–	(3.1)	(3.1)	(3.1)
Derivative financial liabilities	**–**	**(126.3)**	**(126.3)**	**(126.3)**	–	(345.2)	(345.2)	(345.2)
	(2,786.0)	**(99.9)**	**(2,885.9)**	**(2,927.4)**	(2,147.2)	(348.3)	(2,495.5)	(2,564.6)
Non-current								
Loans and borrowings[(iii)]	**(8,313.7)**	**59.8**	**(8,253.9)**	**(7,960.4)**	(7,680.8)	(0.9)	(7,681.7)	(7,440.6)
Lease liabilities	**(386.5)**	**–**	**(386.5)**	**(386.5)**	(324.0)	–	(324.0)	(324.0)
Financial guarantee liabilities	**–**	**(23.1)**	**(23.1)**	**(23.1)**	–	(36.4)	(36.4)	(36.4)
Derivative financial liabilities	**–**	**(167.7)**	**(167.7)**	**(167.7)**	–	(222.2)	(222.2)	(222.2)
	(8,700.2)	**(131.0)**	**(8,831.2)**	**(8,537.7)**	(8,004.8)	(259.5)	(8,264.3)	(8,023.2)
	(11,486.2)	**(230.9)**	**(11,717.1)**	**(11,465.1)**	(10,152.0)	(607.8)	(10,759.8)	(10,587.8)
Net financial liabilities	**(7,185.9)**	**19.8**	**(7,166.1)**	**(6,914.1)**	(6,274.2)	(4.3)	(6,278.5)	(6,106.5)

(i) Financial assets and liabilities that are measured at amortised cost.
(ii) Financial assets and liabilities that are measured at either Fair Value through Profit and Loss (Derivative Financial Assets and Liabilities) or Fair Value through other comprehensive income (Unquoted Equity Investments)
(iii) The fair value through profit or loss attributable to loans and borrowings totalling £88.6m (2024: (£0.9m)) relates to fair value hedges that are in place against the Group's loans and borrowings. At 31 March 2025, Scottish Hydro Electric Transmission plc had drawn £340.0m of borrowings under its £1.5bn revolving credit facility. The £340.0m has been classified as non-current within debt maturing in two to five years in accordance with IAS 1 paragraph 75A. The debt was repaid in April 2025, subsequent to the balance sheet date.

A7 Fair value of financial instruments continued

A7.1 Fair value of financial instruments within the group continued

A7.1.1 Basis of determining fair value

Certain assets and liabilities have been classified and carried at amortised cost on inception in line with IFRS 9 criteria. The carrying value of these assets are approximately equivalent to fair value due to short term maturity aside from loans and borrowings which are subject to longer maturity dates.

All other financial assets and liabilities are measured at either Fair Value through Profit and Loss ("FVTPL") or Fair Value through Other Comprehensive Income ("FVTOCI"). Fair values for energy derivatives are based on unadjusted quoted market prices, where actively traded. For energy derivatives that are not actively traded, interest rate instruments, foreign currency hedge contracts and cross currency swap contracts associated with foreign currency denominated long term fixed rate debt, the fair values are determined by reference to closing rate market prices for similar instruments. Fair values for unquoted equity instruments are derived from venture capital or growth equity firm valuation statements. Fair values for financial guarantee contracts are equal to the premium or fee received/charged.

The fair values are stated at a specific date and may be different from the amounts which will actually be paid or received on settlement of the instruments. The fair value of items such as property, plant and equipment, internally generated brands or the Group's customer base are not included as these are not considered financial instruments.

A7.2 Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from unadjusted quoted market prices for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

	2025				2024			
	Level 1 £m	**Level 2 £m**	**Level 3 £m**	**Total £m**	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets								
Energy derivatives	**71.5**	**80.9**	**5.8**	**158.2**	357.7	121.6	0.5	479.8
Interest rate derivatives	**–**	**68.9**	**–**	**68.9**	–	113.0	–	113.0
Foreign exchange derivatives	**–**	**14.8**	**–**	**14.8**	–	7.5	–	7.5
Unquoted equity investments	**–**	**–**	**8.8**	**8.8**	–	–	3.2	3.2
	71.5	**164.6**	**14.6**	**250.7**	357.7	242.1	3.7	603.5
Financial liabilities								
Energy derivatives	**–**	**(80.8)**	**(81.3)**	**(162.1)**	–	(327.1)	(101.3)	(428.4)
Interest rate derivatives	**–**	**(107.8)**	**–**	**(107.8)**	–	(95.8)	–	(95.8)
Foreign exchange derivatives	**–**	**(24.1)**	**–**	**(24.1)**	–	(43.2)	–	(43.2)
Loans and borrowings*	**–**	**88.6**	**–**	**88.6**	–	(0.9)	–	(0.9)
	–	**(124.1)**	**(81.3)**	**(205.4)**	–	(467.0)	(101.3)	(568.3)

* The £88.6m relates to fair value hedges that are in place against the Group's loans and borrowings and has been included in the table above within financial liabilities, as it is presented in loans and borrowings liabilities in the balance sheet.

The table above excludes financial guarantee liabilities measured in accordance with IFRS 17. There were no significant transfers out of Level 1 into Level 2 and out of Level 2 into Level 1 during the current and prior year. There were no significant transfers out of Level 2 into Level 3 or out of Level 3 into Level 2 during the current and prior year.

In the prior year, the Group entered into an additional Affiliate Contract for Difference ("ACfD") agreement with Seagreen Wind Energy Limited ("SWEL") with a 5 year term. SWEL is a wholly owned subsidiary of Seagreen Holdco 1 Limited, a joint venture between the Group (49%) and TotalEnergies (25.5%) and PTT Exploration & Production Public Company Limited (PTTEPP) (25.5%) (2024: TOTAL SE (51%)) and TOTAL SE entered into an equivalent ACfD with SWEL. In the period to 31 March 2025, the SWEL ACfD agreement was amended and under IFRS 9, the original agreement was de-recognised and then re-recognised on the amended basis. The Group also has some smaller commercial CfD arrangements entered into with non-government third parties that are also classified as derivatives. The ACfD and the commercial CfDs meet the definition of financial instruments and are classified as Level 3 on the fair value hierarchy due to significant unobservable inputs in the determination of fair value.

The fair value measurement impact in the income statement attributable to Level 3 CfDs was a gain of £23.9m (2024: £99.0m loss). The fair value was determined using the income approach with reference to future market prices which are beyond the liquid period in the forward market.

The non-government CfDs were issued for £nil consideration, being the deemed transaction price. The Group has calculated that the contracts had a fair value on day 1, being the difference between the strike price per the contract and the forward market spot price. This valuation is based on unobservable inputs and is considered judgemental. Key assumptions applied when deriving the fair value are related to discount rates; electricity volumes; and electricity prices. In line with IFRS 9, the day 1 gain is deferred and will be recognised over the life of the contract.

The following table represents the difference between the Level 3 financial instruments at fair value at the start of the reporting period and at the reporting date:

	2025 £m	2024 £m
Level 3 financial instrument fair value at 1 April	(97.6)	25.6
Additions	3.4	–
Transfer to/(from) financial assets	4.6	(24.1)
Disposals in year	(0.1)	(0.4)
Cash settlement	(38.5)	(0.4)
Re-measurement gain/(loss) recognised in income statement	5.2	(106.0)
Re-measurement (loss)/gain recognised in other comprehensive income	(0.8)	0.3
Additions – new instruments entered in the year	342.3	11.5
Deferred day 1 gains on instruments entered in the year	(342.3)	(11.5)
Instruments derecognised in the year	(342.0)	–
Deferred day 1 gains derecognised in the year	370.7	–
Amortisation of day 1 gains in the year	28.4	7.4
Level 3 financial instrument fair value at 31 March	**(66.7)**	(97.6)

The following table details the valuation technique, significant unobservable inputs and the range of values for the energy derivatives measured at fair value on a recurring basis and classified as Level 3.

	Carrying value (net) £m	Valuation technique	Significant unobservable input	Market price range (min-max) £/MWh
31 March 2025	75.5	Discounted cash flow	Electricity prices, Generation volumes	49 – 99
31 March 2024	100.8	Discounted cash flow	Electricity prices, Generation volumes	53 – 147

Deferred measurement differences

	2025 £m	2024 £m
Deferred measurement difference at 1 April	413.5	400.1
Deferred measurement difference adjustment in the year	–	9.3
Deferred measurement difference arising during the year on new instruments	342.3	11.5
Deferred measurement differences derecognised in the year	(370.7)	–
Deferred measurement difference recognised during the year	(28.4)	(7.4)
Deferred measurement difference at 31 March	356.7	413.5

The following table shows the impact on the fair value of the Level 3 energy derivatives when applying reasonably possible alternative assumptions to the valuation obtained using the discounted cash flow model.

	At 31 March 2025		At 31 March 2024	
Assumption	Increase/ decrease in assumption	Effect on fair value of deferred measurement differences £m	Increase/ decrease in assumption	Effect on fair value of deferred measurement differences £m
Discount rate	+1%/-1%	(12.8)/13.9	+1%/–1%	(22.2)/19.9
Volumes	+10%/-10%	26.5/(28.7)	+10%/–10%	29.3/(31.3)
Prices	+10%/-10%	87.5/(87.5)	+10%/–10%	135.7/(135.7)

A8 Hedge accounting

A8.1 Cash flow hedges

The Group designates contracts which qualify as hedges for accounting purposes either as cash flow hedges or fair value hedges. Cash flow hedges are contracts entered into to hedge a forecast transaction or cash flow risk generally arising from a change in interest rates or foreign currency exchange rates and which meet the effectiveness criteria prescribed by IFRS 9. The Group's accounting policy on cash flow hedges is explained in the Accompanying Information section A1.

The following table indicates the contractual maturities of the expected transactions and the qualifying cash flow hedges associated. Non-Sterling denominated contractual cash flows have been converted at the forward foreign exchange rate.

Cash flow hedges	2025 Carrying amount £m	2025 Expected cash flows £m	2025 0 – 12 months £m	2025 1 – 2 years £m	2025 2 – 5 years £m	2025 > 5 years £m	2024 Carrying amount £m	2024 Expected cash flows £m	2024 0 – 12 months £m	2024 1 – 2 years £m	2024 2 – 5 years £m	2024 > 5 years £m
Interest rate swaps:												
Assets	**15.4**	**16.5**	**5.9**	**5.3**	**5.3**	**–**	19.7	21.4	7.3	5.3	8.8	–
Liabilities	**–**	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–	–
	15.4	**16.5**	**5.9**	**5.3**	**5.3**	**–**	19.7	21.4	7.3	5.3	8.8	–
Cross currency swaps:												
Assets	**32.7**	**48.5**	**7.9**	**7.2**	**(46.1)**	**79.5**	71.7	72.4	51.4	1.5	19.5	–
Liabilities	**(74.2)**	**(75.4)**	**(43.2)**	**(13.4)**	**(37.1)**	**18.3**	(57.4)	(57.6)	(19.3)	(23.3)	(30.6)	15.6
	(41.5)	**(26.9)**	**(35.3)**	**(6.2)**	**(83.2)**	**97.8**	14.3	14.8	32.1	(21.8)	(11.1)	15.6
Forward foreign exchange contracts:												
Assets	**9.6**	**584.8**	**292.9**	**133.5**	**158.4**	**–**	0.5	35.0	34.6	0.4	–	–
Liabilities	**(19.7)**	**861.1**	**234.8**	**182.2**	**444.1**	**–**	(30.5)	(1,340.9)	(557.7)	(99.8)	(647.6)	(35.8)
	(10.1)	**1,445.9**	**527.7**	**315.7**	**602.5**	**–**	(30.0)	(1,305.9)	(523.1)	(99.4)	(647.6)	(35.8)

A8.2 Net investment hedge

The Group's net investment hedge consists of debt issued in the same currency (€) as the net investment in foreign subsidiaries with € denominated functional currencies being the Airtricity Supply business, the thermal plants in Ireland and wind farms in Ireland and Southern Europe. The hedge compares the element of the net assets whose functional cash flows are denominated in € to the matching portion of the € borrowings held by the Group. This therefore provides protection against movements in foreign exchange rates. There is no net investment hedge in relation to SSE Pacifico as the Group has no JPY denominated debt.

Gains and losses in the hedge are recognised in equity and will be transferred to the income statement on disposal of the foreign operation (2025: £36.0m gain, 2024: £30.9m gain). Gains and losses on the ineffective portion of the hedge are recognised immediately in the income statement (2025: £nil, 2024: £nil).

Company balance sheet

as at 31 March 2025

	Note	2025 £m	2024 £m
Assets			
Equity investments in joint ventures and associates	3	**4.0**	34.6
Loans to joint ventures and associates	3	**83.5**	69.8
Investments in subsidiaries	4	**1,976.2**	1,963.6
Trade and other receivables	5	**9,412.2**	10,948.8
Derivative financial assets	11	**25.1**	35.7
Retirement benefit assets	10	**353.7**	339.3
Non-current assets		**11,854.7**	13,391.8
Trade and other receivables	5	**2,317.8**	1,056.1
Cash and cash equivalents		**987.6**	796.9
Derivative financial assets	11	**22.1**	67.3
Current assets		**3,327.5**	1,920.3
Total assets		**15,182.2**	15,312.1
Liabilities			
Loans and other borrowings	8	**1,895.5**	1,044.5
Trade and other payables	6	**1,638.6**	2,827.2
Current tax liability	7	**36.5**	26.3
Financial guarantee liabilities	12	**9.3**	9.3
Provisions	14	**23.9**	19.7
Derivative financial liabilities	11	**53.6**	32.7
Current liabilities		**3,657.4**	3,959.7
Loans and other borrowings	8	**3,940.7**	4,561.7
Deferred tax liabilities	7	**83.5**	82.5
Financial guarantee liabilities	12	**90.8**	107.3
Provisions	14	**177.7**	200.0
Derivative financial liabilities	11	**53.0**	64.1
Non-current liabilities		**4,345.7**	5,015.6
Total liabilities		**8,003.1**	8,975.3
Net assets		**7,179.1**	6,336.8
Equity:			
Share capital	9	**555.6**	548.1
Share premium		**812.6**	820.1
Capital redemption reserve		**52.6**	52.6
Hedge reserve		**37.3**	17.0
Retained earnings		**3,838.6**	3,016.6
Equity attributable to ordinary shareholders of the parent		**5,296.7**	4,454.4
Hybrid equity	9	**1,882.4**	1,882.4
Total equity		**7,179.1**	6,336.8

Result for the year

In accordance with the concession granted under section 408 of the Companies Act 2006, the income statement and statement of comprehensive income of the Company have not been separately presented in these Financial Statements. The profit for the year attributable to ordinary shareholders dealt with in the financial statements of the Company was £1,338.2m (2024: £554.6m) including dividends received from subsidiaries of £1,615.0m (2024: £992.6m).

These financial statements were approved by the Board of Directors on 20 May 2025 and signed on their behalf by

Barry O'Regan,
Chief Financial Officer

Sir John Manzoni,
Chairman

SSE plc

Registered No: SC117119

Company statement of changes in equity

for the year ended 31 March 2025

	Share capital £m	Share premium £m	Capital redemption reserve £m	Hedge reserve £m	Retained earnings £m	Total attributable to ordinary shareholders £m	Hybrid equity £m	Total equity £m
At 1 April 2024	**548.1**	**820.1**	**52.6**	**17.0**	**3,016.6**	**4,454.4**	**1,882.4**	**6,336.8**
Profit for the year	**–**	**–**	**–**	**–**	**1,264.5**	**1,264.5**	**73.7**	**1,338.2**
Other comprehensive income	**–**	**–**	**–**	**20.3**	**5.3**	**25.6**	**–**	**25.6**
Total comprehensive income for the year	**–**	**–**	**–**	**20.3**	**1,269.8**	**1,290.1**	**73.7**	**1,363.8**
Dividends to shareholders	**–**	**–**	**–**	**–**	**(671.0)**	**(671.0)**	**–**	**(671.0)**
Scrip dividend related share issue	**7.5**	**(7.5)**	**–**	**–**	**268.9**	**268.9**	**–**	**268.9**
Issue of treasury shares	**–**	**–**	**–**	**–**	**17.8**	**17.8**	**–**	**17.8**
Distributions to Hybrid equity holders	**–**	**–**	**–**	**–**	**–**	**–**	**(73.7)**	**(73.7)**
Share buyback	**–**	**–**	**–**	**–**	**(71.7)**	**(71.7)**	**–**	**(71.7)**
Credit in respect of employee share awards	**–**	**–**	**–**	**–**	**22.3**	**22.3**	**–**	**22.3**
Investment in own shares(i)	**–**	**–**	**–**	**–**	**(14.1)**	**(14.1)**	**–**	**(14.1)**
At 31 March 2025	**555.6**	**812.6**	**52.6**	**37.3**	**3,838.6**	**5,296.7**	**1,882.4**	**7,179.1**

for the year ended 31 March 2024

	Share capital £m	Share premium £m	Capital redemption reserve £m	Hedge reserve £m	Retained earnings £m	Total attributable to ordinary shareholders £m	Hybrid equity £m	Total equity £m
At 1 April 2023	547.0	821.2	52.6	(3.0)	3,473.0	4,890.8	1,882.4	6,773.2
Profit for the year	–	–	–	–	481.5	481.5	73.1	554.6
Other comprehensive income/(loss)	–	–	–	20.0	(27.7)	(7.7)	–	(7.7)
Total comprehensive income for the year	–	–	–	20.0	453.8	473.8	73.1	546.9
Dividends to shareholders	–	–	–	–	(956.4)	(956.4)	–	(956.4)
Scrip dividend related share issue	1.1	(1.1)	–	–	38.6	38.6	–	38.6
Issue of treasury shares	–	–	–	–	9.2	9.2	–	9.2
Distributions to Hybrid equity holders	–	–	–	–	–	–	(73.1)	(73.1)
Credit in respect of employee share awards	–	–	–	–	20.2	20.2	–	20.2
Investment in own shares(i)	–	–	–	–	(21.8)	(21.8)	–	(21.8)
At 31 March 2024	548.1	820.1	52.6	17.0	3,016.6	4,454.4	1,882.4	6,336.8

(i) Investment in own shares is the purchase of own shares less the settlement of Treasury shares for certain employee share schemes.

Notes to the Company financial statements

for the year ended 31 March 2025

1 Principal accounting policies

1.1 General information

SSE plc (the "Company") is a company domiciled in Scotland. The address of the registered office is given on the back cover. The Company financial statements present information about the Company as a separate entity and not about the Group.

1.2 Basis of preparation

The financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 101, "Reduced Disclosure Framework".

Under section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own income statement and related notes.

It has also taken advantage of the following disclosure exemptions available under FRS 101.

- A cash flow statement and related notes;
- Related party disclosures;
- Disclosures in respect of capital management; and
- The effects of new but not yet effective IFRSs.

As the consolidated financial statements of SSE plc include the equivalent disclosure, the Company has also taken advantage of the exemptions, under FRS 101, available in respect of the following disclosure:

- Certain disclosures required by IFRS 13 "Fair value measurement" and the disclosures required by IFRS 7 "Financial instrument disclosures".

The Company previously assessed that, on the basis of materiality, the disclosures required under IFRS 2 "Share-based Payment" should be removed. The Company has assessed that at 31 March 2025 these disclosures continue to be immaterial to the Company's financial statements.

New standards, amendments and interpretations effected or adopted by the Company

During the year ended 31 March 2025, the Company adopted the amendment to IAS 1 "Presentation of Financial Statements" in relation to non-current liabilities with covenants. Adoption of this amendment had no material impact on these financial statements.

There were no other standards, amendments to standards or interpretations relevant to the Company's operations which were adopted during the year.

Going Concern

The Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future (further details are contained in A6 Accompanying Information of the consolidated financial statements). The financial statements are therefore prepared on a Going Concern basis.

Basis of measurement

The financial statements of the Company are prepared on the historical cost basis except for derivative financial instruments and assets of the Company pension scheme which are stated at their fair value, and liabilities of the Company pension scheme which are measured using the projected unit credit method. The Directors believe the financial statements present a true and fair view. The financial statements of the Company are presented in pounds Sterling and all values are rounded to the nearest million to one decimal place (£m), unless otherwise stated.

Critical accounting judgements and estimation uncertainty

In the process of applying the Company's accounting policies, management necessarily makes judgements and estimates that have a significant effect on the amounts recognised in the financial statements. Changes in the assumptions underlying the estimates could result in a significant impact to the financial statements. The Group's key accounting judgement and estimation areas are noted in note 4.1 of the consolidated financial statements, with the most significant financial judgement areas as specifically discussed by the Audit Committee being highlighted separately. In particular, note 4.1(ii) Retirement benefit obligations, and the related disclosures in note 23, note 4.1(iv) Valuation of other receivables and note 4.3 Decommissioning costs, of the consolidated financial statements are relevant to the Company.

Significant accounting policies

The significant accounting policies applied in the preparation of these individual financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

Investments in subsidiaries

Investments in subsidiaries are carried at cost less any impairment charges.

Interests in joint arrangements and associates

Associates are those investments over which the Company has significant influence but neither control nor joint control.

The Company's joint ventures and associates are stated at cost less any impairment.

Applicable Group accounting policies

The following significant accounting policies are consistent with those applied for the Group consolidated financial statements:

- Equity and equity-related compensation benefits (Supplementary information A1.2)
- Defined benefit pension scheme (Supplementary information A1.2)
- Taxation (Supplementary information A1.2)
- Financial instruments (Supplementary information A1.2 and A6)
- Financial guarantee liabilities (Supplementary information A1.2)

2 Supplementary financial information

2.1 Auditor's remuneration

The amounts paid to the Company's auditor in respect of the audit of these financial statements was £0.4m (2024: £0.4m).

Amounts paid to the Company's auditor in respect of services to the Company other than the audit of the Company's financial statements have not been disclosed as the information is required instead to be disclosed on a consolidated basis.

2.2 Employee numbers

The average number of people employed by the Company (including Executive Directors) during the year was 3 (2024: 3).

The costs associated with the employees of the Company, who are the Executive Directors of the Group, are borne by Group companies. No amounts are charged to the Company.

2.3 Directors' remuneration and interests

Information concerning Directors' remuneration, shareholdings, options, long term incentive schemes and pensions is shown in the Remuneration Report on pages 126 to 153. No Director had, during or at the end of the year, any material interest in any other contract of significance in relation to the Group's business.

3 Investments in associates and joint ventures

	2025			2024		
	Equity £m	**Loans £m**	**Total £m**	Equity £m	Loans £m	Total £m
Share of net assets/cost						
At 1 April	**34.6**	**69.8**	**104.4**	50.4	81.6	132.0
Additions	**–**	**25.9**	**25.9**	30.0	47.7	77.7
Repayment of shareholder loans	**–**	**(12.2)**	**(12.2)**	–	(13.4)	(13.4)
Impairment	**(30.6)**	**–**	**(30.6)**	(45.8)	(46.1)	(91.9)
At 31 March	**4.0**	**83.5**	**87.5**	34.6	69.8	104.4

The impairment recognised in the current and prior year relates to the investment in Neos Networks Limited. The current year impairment of £30.6m (2024: £91.9m) aligns the Company's investment value (cost less impairment) with the carrying value in the Group financial statements, where the investment is equity accounted.

4 Subsidiary undertakings

Details of the Company's subsidiary undertakings are disclosed in the Accompanying Information section (A3).

Investment in subsidiaries

	2025 £m	2024 £m
At 1 April	**1,963.6**	1,958.1
Increase in existing investments[i]	**24.5**	22.1
Investment decrease in respect of financial guarantees[ii]	**(11.9)**	(16.6)
At 31 March	**1,976.2**	1,963.6

(i) The overall increase in investments held by the Company primarily relates to equity shares in the Company awarded to the employees of the subsidiaries of the Group under the Group's share schemes, which are recognised as an increase in the cost of investment in those subsidiaries as directed by IFRIC 11 (2025: £24.5m; 2024: £22.1m (both before tax)).
(ii) The investment decrease in respect of financial guarantees relates to £18.6m (2024: £19.6m) of unwind and expiry of guarantee contracts, less £6.7m (2024: £3.0m) for the fair value of fees receivable on guarantees granted to subsidiary investments during the year.

5 Trade and other receivables

The balances of current and non-current trade and other receivables in the current and prior financial year predominantly consists of amounts owed by subsidiary undertakings. At 31 March 2025 the Company assessed its exposure to expected credit losses on related party receivables under IFRS 9 and held a provision against future losses of £54.3m (2024: £59.2m).

During the year ended 31 March 2025 the Company waived £510.3m (2024: £624.0m) of intercompany funding receivables due from other SSE Group companies, with the related charge being expensed in the income statement.

6 Trade and other payables

The balances of current trade and other payables in the current and prior financial year predominantly consists of amounts due to subsidiary undertakings.

7 Taxation

Current tax liability

	2025 £m	2024 £m
Corporation tax liability	**36.5**	26.3

Deferred taxation

The following are the deferred tax liabilities and assets recognised by the Company and movements thereon during the current and prior reporting periods:

	Fair value gains/(losses) on derivatives £m	Retirement benefit obligations £m	Other £m	Total £m
At 31 March 2023	(7.6)	91.6	(5.7)	78.3
Charge to income statement	3.3	2.5	–	5.8
Charge/(credit) to other comprehensive income/(loss)	5.9	(9.3)	–	(3.4)
Charge to equity	–	–	1.8	1.8
At 31 March 2024	1.6	84.8	(3.9)	82.5
Charge/(credit) to income statement	**0.8**	**1.7**	**(8.7)**	**(6.2)**
Charge to other comprehensive income	**3.1**	**1.9**	**–**	**5.0**
Charge to equity	**–**	**–**	**2.2**	**2.2**
At 31 March 2025	**5.5**	**88.4**	**(10.4)**	**83.5**

Certain deferred tax assets and liabilities have been offset, including the asset balances analysed in the tables above. The following is an analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2025 £m	2024 £m
Deferred tax liabilities	**94.3**	86.8
Deferred tax assets	**(10.8)**	(4.3)
Net deferred tax liability	**83.5**	82.5

The deferred tax assets/liabilities disclosed include the deferred tax relating to the Company's pension scheme liabilities.

8 Loans and borrowings

	2025 £m	2024 £m
Current		
Other short term loans	**1,895.5**	1,044.5
	1,895.5	1,044.5
Non-current		
Loans	**3,940.7**	4,561.7
	3,940.7	4,561.7
Total loans and borrowings	**5,836.2**	5,606.2

8.1 Borrowing facilities

The Company has an established €1.5bn Euro commercial paper programme (paper can be issued in a range of currencies and swapped into Sterling) and as at 31 March 2025 there was £891m commercial paper outstanding (2024: £840m).

During the year the Company issued a 7 year €600m Green Bond at a coupon of 3.5%. The bond has been predominantly left in Euros as a net investment hedge for the Group's Euro denominated subsidiaries. In the year, the Company also issued £0.9bn of debt and had £1.0bn of debt maturities. The £0.9bn of issued debt relates to Commercial Paper being rolled at maturity, which also accounts for £0.8bn of the debt maturities, with the only additional debt maturity being €320m (£204m) of 12 year US Private Placements that matured in April 2024.

The Company also has £1.5bn (2024: £2.5bn) of a revolving credit facility (see note 21.3). On 23 October 2024 the Company's facilities were re-financed with the £2.5bn of facilities being reduced to £1.5bn by cancellation of a facility due to mature in February 2025. This facility provides back-up to the commercial paper programme and supports the Group's capital expenditure plans. As at 31 March 2025 this facility was undrawn (2024: undrawn).

Notes to the Company financial statements continued
for the year ended 31 March 2025

8 **Loans and borrowings** continued

Analysis of borrowings

	2025 Weighted average interest rate	2025 Face value £m	2025 Fair value £m	2025 Carrying amount £m	2024 Weighted average interest rate	2024 Face value £m	2024 Fair value £m	2024 Carrying amount £m
Current								
Other short term loans – non-amortising(ii)	5.0%	901.7	906.6	890.5	5.8%	852.4	855.7	840.4
1.25% Eurobond repayable 16 April 2025(v)	1.3%	531.4	531.2	531.4	–	–	–	–
0.875% €600m Eurobond repayable 8 September 2025(viii)	0.9%	502.6	499.2	502.4	–	–	–	–
US Private Placement 16 April 2024	–	–	–	–	4.4%	204.1	257.9	204.1
Within one year		1,935.7	1,937.0	1,924.3		1,056.5	1,113.6	1,044.5
Fair value adjustment(iii)				(28.8)				–
Total current borrowings		1,935.7	1,937.0	1,895.5		1,056.5	1,113.6	1,044.5
Non-current								
Bank loans – non amortising(i)	5.5%	100.0	102.5	100.0	5.5%	100.0	102.5	100.0
1.25% Eurobond repayable 16 April 2025(v)	–	–	–	–	1.3%	531.4	518.8	531.4
0.875% €600m Eurobond repayable 8 September 2025(viii)	–	–	–	–	0.9%	513.0	493.0	512.2
US Private Placement 8 June 2026	3.1%	64.0	63.0	63.8	3.1%	64.0	48.7	63.6
US Private Placement 6 September 2026	3.2%	247.1	258.9	246.2	3.2%	247.1	242.1	245.6
US Private Placement 6 September 2027	3.2%	35.0	33.3	34.8	3.2%	35.0	25.9	34.7
1.375% €650m Eurobond repayable 4 September 2027(iv)(viii)	1.4%	591.4	573.7	590.9	1.4%	591.4	553.7	590.7
8.375% Eurobond repayable on 20 November 2028	8.4%	500.0	554.3	498.5	8.4%	500.0	573.3	498.1
2.875% Eurobond repayable on 1 August 2029(viii)	2.9%	544.5	539.3	543.3	–	–	–	–
Between two and five years		2,082.0	2,125.0	2,077.5		2,581.9	2,558.0	2,576.3
2.875% Eurobond repayable on 1 August 2029(viii)	–	–	–	–	2.9%	555.7	543.3	554.3
1.750% Eurobond repayable 16 April 2030(vi)	1.8%	442.9	413.9	442.9	1.8%	442.9	403.5	442.9
6.25% Eurobond repayable on 27 August 2038	6.3%	350.0	350.7	347.9	6.3%	350.0	386.3	347.7
4.00% €750m Eurobond repayable 5 September 2031(vii)(viii)	4.0%	628.2	646.5	626.8	4.0%	641.2	661.7	639.6
3.50% €600m Eurobond repayable 18 March 2032(viii)(ix)	3.5%	503.5	501.3	500.5	–	–	–	–
Over five years		1,924.6	1,912.4	1,918.1		1,989.8	1,994.8	1,984.5
Fair value adjustment(iii)				(54.9)				0.9
Total non-current borrowings		4,006.6	4,037.4	3,940.7		4,571.7	4,552.8	4,561.7
Total borrowings		5,942.3	5,974.4	5,836.2		5,628.2	5,666.4	5,606.2

(i) Balances include term loans and EIB debt and is a mixture of fixed and floating rate debt.
(ii) Balances include Commercial Paper and facility advances (£891m of Commercial Paper outstanding at 31 March 2025).
(iii) The fair value adjustment relates to the change in the carrying amount of the borrowings as a result of fair value hedges that are in place. The movement in the fair value adjustment is recognised in the income statement with a corresponding movement on the hedging instrument also being recognised in the income statement.
(iv) The 1.375% €650m Eurobond maturing 4 September 2027 has been swapped to Sterling giving an effective interest rate of 2.56%.
(v) The 1.250% €600m Eurobond maturing 16 April 2025 has been swapped to Sterling giving an effective interest rate of 2.43%.
(vi) The 1.750% €500m Eurobond maturing 16 April 2030 has been swapped to Sterling giving an effective interest rate of 2.89%.
(vii) The 4.0% €750m Eurobond maturing 5 September 2031 has been left in Euros as a net investment hedge for the Group's Euro denominated subsidiaries.
(viii) Bonds have been issued under the Group's Green Bond Framework.
(ix) The 3.50% €600m Eurobond maturing 18 March 2032 has predominantly been left in Euros as a net investment hedge for the Group's Euro denominated subsidiaries. €200m has been swapped to Sterling for a one year period giving an effective interest rate of 4.20%.

9 Equity

Details regarding SSE plc's share capital, hybrid equity and capital redemption reserve can be found in note 22 of the Group consolidated financial statements. The Company's hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedge derivative instruments related to hedging transactions that have not yet occurred.

10 Retirement benefit obligations

Defined benefit scheme

The Company has a funded final salary pension scheme ("Scottish Hydro Electric Pension Scheme") which provides defined benefits based on final pensionable pay. The scheme is subject to an independent valuation at least every three years. The future benefit obligations are valued by actuarial methods on the basis of an appropriate assessment of the relevant parameters. Further details regarding SSE plc's defined benefit pension scheme can be found in note 23 of the Group consolidated financial statements, including details of the latest actuarial valuation, contributions, valuation assumptions, sensitivity analysis, and discussion of the pension scheme assets, obligations, polices, risks and strategy.

10.1 Valuation of pension scheme

	Quoted £m	**Unquoted £m**	**Value at 31 March 2025 £m**	Quoted £m	Unquoted £m	Value at 31 March 2024 £m
Equities	**–**	**–**	**–**	30.7	–	30.7
Government bonds	**396.0**	**–**	**396.0**	333.5	–	333.5
Insurance contracts	**–**	**454.4**	**454.4**	–	500.3	500.3
Other investments	**373.1**	**–**	**373.1**	464.1	–	464.1
Total fair value of plan assets	**769.1**	**454.4**	**1,223.5**	828.3	500.3	1,328.6
Present value of defined benefit obligation			**(869.8)**			(989.3)
Surplus in the scheme			**353.7**			339.3
Deferred tax thereon(i)			**(88.4)**			(84.8)
Net pension asset			**265.3**			254.5

(i) Deferred tax is recognised at 25% (2024: 25%) on the surplus.

10.2 Movements in the defined benefit assets and obligations during the year

	2025			2024		
	Assets	**Obligations £m**	**Total £m**	Assets £m	Obligations £m	Total £m
At 1 April	**1,328.6**	**(989.3)**	**339.3**	1,389.5	(1,022.9)	366.6
Included in income statement						
Current service cost	**–**	**(6.7)**	**(6.7)**	–	(7.3)	(7.3)
Past service cost	**–**	**(3.8)**	**(3.8)**	–	(1.4)	(1.4)
Interest income/(cost)	**62.4**	**(46.1)**	**16.3**	64.7	(47.2)	17.5
	62.4	**(56.6)**	**5.8**	64.7	(55.9)	8.8
Included in other comprehensive income						
Actuarial (loss)/gain arising from:						
Demographic assumptions	**–**	**3.8**	**3.8**	–	13.4	13.4
Financial assumptions	**–**	**108.6**	**108.6**	–	14.1	14.1
Experience assumptions	**–**	**3.8**	**3.8**	–	3.7	3.7
Return on plan assets excluding interest income	**(108.5)**	**–**	**(108.5)**	(68.3)	–	(68.3)
	(108.5)	**116.2**	**7.7**	(68.3)	31.2	(37.1)
Other						
Contributions paid by the employer	**0.9**	**–**	**0.9**	1.0	–	1.0
Benefits paid	**(59.9)**	**59.9**	**–**	(58.3)	58.3	–
	(59.0)	**59.9**	**0.9**	(57.3)	58.3	1.0
At 31 March	**1,223.5**	**(869.8)**	**353.7**	1,328.6	(989.3)	339.3

The return on pension scheme assets is as follows:

	2025 £m	2024 £m
Return on pension scheme assets	**(46.1)**	(3.6)

Notes to the Company financial statements continued
for the year ended 31 March 2025

11 Financial instruments

For financial reporting purposes, the Company has classified derivative financial instruments as financing derivatives. Financing derivatives include all fair value and cash flow interest rate hedges, non-hedge accounted (mark-to-market) interest rate derivatives, cash flow foreign exchange hedges and non-hedge accounted foreign exchange contracts. Non-hedge accounted contracts are treated as held for trading.

The derivative financial assets and liabilities are represented as follows:

	2025 £m	2024 £m
Derivative assets		
Non-current	**25.1**	35.7
Current	**22.1**	67.3
Total derivative assets	**47.2**	103.0
Derivative liabilities		
Non-current	**(53.0)**	(64.1)
Current	**(53.6)**	(32.7)
Total derivative liabilities	**(106.6)**	(96.8)
Net (liability)/asset	**(59.4)**	6.2

Information on the Group's Financial risk management and the fair value of financial instruments is available at A6 and A7.

12 Financial guarantee liabilities

	2025 £m	2024 £m
Non-current liabilities		
Financial guarantee liabilities	**90.8**	107.3
Current liabilities		
Financial guarantee liabilities	**9.3**	9.3
Total financial guarantee liabilities	**100.1**	116.6

SSE plc has provided guarantees in respect of certain activities of subsidiaries, former subsidiaries and to certain current joint venture investments both held directly and indirectly by the Company's subsidiaries with carrying values as follows:

	2025				2024
	SSE on behalf of subsidiary £m	SSE on behalf of joint operations and ventures £m	SSE on behalf of 3rd parties £m	Total £m	Total £m
Financial guarantee liabilities	**75.3**	**14.5**	**10.3**	**100.1**	116.6

On transition to IFRS 17 on 1 April 2023, the Company elected to apply IFRS 9 "Financial Instruments" to the in scope financial guarantee contracts and the contracts were valued on initial recognition and subsequently measured at the higher of the loss allowance for expected credit loss and the initial value less any income recognised.

The decrease in financial guarantee liabilities during the year is primarily driven by the unwind and expiry of guarantee contracts of £23.3m, relating to guarantees entered into on behalf of subsidiaries of £9.0m, joint ventures of £13.1m and former subsidiaries of £1.2m. During the year, the Company provided new guarantees with a value of £6.4m on behalf of its subsidiaries and £0.4m on behalf of its joint ventures.

The Company continues to provide a guarantee to Group Trustee Independent Trustees in respect of SSE Southern Group of the Electricity Supply Pension Scheme in respect of funding required by the scheme.

On behalf of Scottish Hydro Electric Transmission plc, SSE plc continues to provide a guarantee to ABB Limited in connection with the use of HVDC Replica Control Panels for Caithness-Moray Project.

Furthermore, on behalf of SSE E&P (UK) Limited, previously a wholly owned subsidiary of the Company, now owned by a third party, SSE plc has provided the following three guarantees: a guarantee to Hess Limited in respect of decommissioning liabilities, a guarantee to Britoil Limited and Arco British Limited in respect of the acquisition of the Sean Field and also a guarantee to Perenco UK Limited in respect of a Sale and Purchase Agreement for the Minerva, Apollo and Mercury Fields.

13 Commitments and contingencies

Guarantees, indemnities and other contingent liabilities

Internal guarantees

The Company has in issue perpetual and long term guarantees of £2.3bn (2024: £10.4bn) in order to maintain the stand-alone credit ratings of certain subsidiaries and to support electricity distribution licence conditions. These guarantees are not expected to be called.

Letters of credit

The Company indemnifies letters of credit issued to the following:

	2025 £m	2024 £m
UK subsidiaries and certain joint ventures	**949.3**	849.9
European subsidiaries and certain joint ventures	**162.4**	119.7
Former UK subsidiaries	**182.0**	189.3
	1,293.7	1,158.9

Letters of credit in substitution of cash collateral

The Company provides standby letters of credit in substitution for cash covering initial and delivery margins for exchange traded products and is repayable on demand. As at 31 March 2025, there were letters of credit covering £100.0m (2024: £100.0m) of initial and variation margins.

Subsidiaries have provided guarantees on behalf of the Company as follows:

	2025 £m	2024 £m
Bank borrowings	**447.8**	656.0

14 Provisions

	2025 £m	2024 £m
At 1 April	**219.7**	201.4
(Decrease)/increase in decommissioning provision	**(17.9)**	9.9
Unwind of discount	**8.9**	8.9
Utilised during the year	**(9.1)**	(0.5)
At 31 March	**201.6**	219.7
Non-current	**177.7**	200.0
Current	**23.9**	19.7
	201.6	219.7

Decommissioning provision

The Company recognises a provision for the estimated net present value of decommissioning of Gas Production assets (retained as part of the disposal agreement for this business). Estimates are based on the forecast remediation or clean-up costs at the projected date of decommissioning and are discounted for the time value of money. Within the agreement for the disposal of its Gas Production assets to Viaro Energy through its subsidiary RockRose Energy Limited on 14 October 2021, the Company agreed to retain 60% of the decommissioning provision within the business. £17.9m (2024: £9.9m added to) has been removed from decommissioning during the current year due to reassessment, movements in inflation and discounting assumptions. It is expected that the costs associated with decommissioning of these Gas Production assets will be incurred between 2025 and 2040.

Independent Auditor's Report to the Members of SSE plc

Opinion

In our opinion:

- SSE plc's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2025 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of SSE plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2025 which comprise:

Group	Parent company
Consolidated income statement for the year then ended	
Consolidated statement of comprehensive income for the year then ended	
Consolidated balance sheet as at 31 March 2025	Balance sheet as at 31 March 2025
Consolidated statement of changes in equity for the year then ended	Statement of changes in equity for the year then ended
Consolidated cash flow statement for the year then ended	
Related notes 1 to 25 and A1 to A8 to the financial statements, including material accounting policy information	Related notes 1 to 14 to the financial statements including material accounting policy information

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the group and parent in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting the audit.

Conclusions relating to Going Concern

In auditing the financial statements, we have concluded that the directors' use of the Going Concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the Going Concern basis of accounting included:

- Confirming our understanding of management's Going Concern process as well as the review of controls in place over the preparation of the group's Going Concern model and the memorandum on Going Concern;
- Engaging early with management to ensure all key matters were considered in their assessment;
- Obtaining management's board approved forecast cash flows, covenant forecasts and sensitivities prepared by management to 31 December 2026, ensuring the same forecasts are used elsewhere within the group for accounting estimates and that the forecasts reflect the spend on the committed part of the NZAP+ programme. We tested the models for arithmetical accuracy, as well as checking the net debt position at the year end date which is the starting point for the model. We assessed the reasonableness of the cashflow forecasts by analysing management's historical forecasting accuracy. We also ensured climate change considerations were factored into future cash flows. We performed reverse stress testing to understand how severe the downside scenarios would need be to result in negative liquidity or a covenant breach and the plausibility of the scenarios. Both management's and EY's assessment included consideration of all maturing debt through to 30 June 2027 to consider any post Going Concern significant repayments;
- Reviewing management's assessment of mitigating options potentially available to the group to reduce cash flow spend in the Going Concern period, to determine their plausibility and whether such actions could be implemented by management. We have obtained support to determine whether these are within the control of management and evaluated the impact of these mitigations in light of our understanding of the business and its cost structures;
- Reading the borrowing facilities agreements to assess their continued availability to the group and to ensure completeness of covenants identified by management;
- Assessing the appropriateness of the ability of management to refinance debt through to the period of 30 June 2027;
- Reviewing market data for indicators of potential contradictory evidence to challenge the company's Going Concern assessment including review of profit warnings within the sector and review of industry analyst reports. We held discussions with the Audit Committee to confirm the Going Concern position prepared by management; and
- Considering whether management's disclosures in the financial statements sufficiently and appropriately reflect the Going Concern assessment and outcomes.

The audit procedures performed in evaluating the directors' assessment were performed by the group audit team. We also considered the financial and non-financial information communicated to us from our component teams for sources of potential contrary indicators which may cast doubt over the Going Concern assessment.

Our key observations
The group is forecast to continue to be profitable and generate positive cashflows during the Going Concern period. Our reverse stress test scenario indicated that the group would need to be exposed to severe downside events impacting profitability and cash flows in order to breach liquidity or covenants. The severe downside scenario assumed full repayment of debt maturing over the Going Concern period and extended to 30 June 2027, no new refinancing over the Going Concern period, no uncommitted disposal proceeds, a £262m group contingency to mitigate any downside performance against budget, offset by mitigating actions within management's control. We consider such a scenario to be highly unlikely, however, in unlikely events, including the business not performing in line with budget, management consider that the impact can be mitigated by further cash and cost saving measures, which are within their control, or through external fund raising, or a combination of both during the Going Concern period.

Having considered our severe downside and reverse stress test scenarios, we have not identified a plausible scenario where the group would be unable to maintain cash flow liquidity and covenant headroom during the Going Concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a Going Concern for a period to 31 December 2026.

In relation to the group and parent company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the Going Concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to Going Concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a Going Concern.

Overview of our audit approach

Audit scope	– We performed an audit of the complete financial information of 17 components and audit procedures on specific balances for a further 20 components and central procedures on pensions, derivatives, payroll, loans and taxation
Key audit matters (KAM)	– Impairment of specific non-current assets (being Southern Europe development assets and goodwill, Pacifico development assets and goodwill, Great Island and Equity investment in Triton Power Holdings Limited ("Triton")) – Group and parent pension obligation – Accounting for estimated revenue recognition
Materiality	– Overall group materiality of £111.8m which represents 5% of adjusted profit before tax.

An overview of the scope of the parent company and group audits

Tailoring the scope
In the current year our audit scoping has been updated to reflect the new requirements of ISA (UK) 600 (Revised). We have followed a risk-based approach when developing our audit approach to obtain sufficient appropriate audit evidence on which to base our audit opinion. We performed risk assessment procedures, with input from our component auditors, to identify and assess risks of material misstatement of the group financial statements and identified significant accounts and disclosures. When identifying components at which audit work needed to be performed to respond to the identified risks of material misstatement of the group financial statements, we considered our understanding of the group and its business environment, the potential impact of climate change, the applicable financial framework, the group's system of internal control at the entity level, the existence of centralised processes, applications and any relevant internal audit results.

We determined that following components are subject to centralised procedures

Key audit area on which procedures were performed centrally	Component subject to central procedures
Pensions	2
Derivatives	17
Payroll	31
Loans	11
Taxation	All

We then identified 23 components as individually relevant to the group due to relevant events and conditions underlying the identified risks of material misstatement of the group financial statements being associated with the reporting components (or a pervasive risks of material misstatement of the group financial statements or a significant risk or an area of higher assessed risk of material misstatement of the group financial statements being associated with the components). In addition we have identified an additional 3 components of the group as individually relevant due to materiality or financial size of the component relative to the group.

For those individually relevant components, we identified the significant accounts where audit work needed to be performed at these components by applying professional judgement, having considered the group significant accounts on which centralised procedures will be performed, the reasons for identifying the financial reporting component as an individually relevant component and the size of the component's account balance relative to the group significant financial statement account balance.

We then considered whether the remaining group significant account balances not yet subject to audit procedures, in aggregate, could give rise to a risk of material misstatement of the group financial statements. We selected a further 11 components of the group to include in our audit scope to address these risks.

Having identified the components for which work will be performed, we determined the scope to assign to each component

Of the 37 components selected, we designed and performed audit procedures on the entire financial information of 17 components ("full scope components"). For 15 components, we designed and performed audit procedures on specific significant financial statement account balances or disclosures of the financial information of the component ("specific scope components"). For the remaining 5 components, we performed specified audit procedures to obtain evidence for one or more relevant assertions.

Our scoping to address the risk of material misstatement for each key audit matter is set out in the Key audit matters section of our report.

Involvement with component teams

In establishing our overall approach to the group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the group audit engagement team, or by component auditors operating under our instruction.

The group audit team interacted regularly with the component teams where appropriate during various stages of the audit. For the full and specific scope components there were regular calls held between the lead audit engagement partner and component partners, with file reviews performed by the group audit team over audit documentation that has not been retained within the group audit file, or retention of key audit documentation within the group audit file. In total out of the 37 components, this split into a total of 9 component teams.

This was the third year where a non-EY auditor was involved in a full scope component, being the group's equity investment in Triton Power Holdings Limited. We issued instructions, held regular calls with them and attended an on-site file review and closing meeting. Other than the Irish Airtricity and Triton entities in scope, all other entities in scope were based within Scotland (Perth and Glasgow), where lead audit partner William Binns visited UK component teams throughout the year end audit. Management meetings were held in person and remotely throughout the year across both the UK and Ireland. Members of the group audit team also visited the non-EY component auditors of Triton.

The component teams and non-EY component team visits involved discussion of audit approach, attending planning and closing meetings (some of which were held virtually), meeting with local management and reviewing relevant audit working papers on risk areas. The group audit team interacted regularly with the component teams where appropriate during various stages of the audit, reviewed relevant working papers and were responsible for the scope and direction of the audit process.

This, together with the additional procedures performed at group level, gave us appropriate evidence for our opinion on the group financial statements.

Climate change

The financial statement and audit risks related to climate change and the energy transition remain an area of audit focus in 2025. Stakeholders are increasingly interested in how climate change will impact SSE plc. SSE operates principally within the UK and Ireland and both are seeking to achieve net zero across their economies by 2050.

SSE has determined that the most significant future impacts from climate change on its operations will be from variable wind generation risk caused by changes in climate patterns and storm damage network risk through increased severity of extreme weather events. These are explained on pages 71 to 78 in the required Climate-related financial disclosures and on pages 64 to 65 in the principal risks and uncertainties. These disclosures form part of the "Other information," rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information". As described in note 4, the financial statement impact of climate is considered to have the most impact on the valuation of property, plant and equipment, impairment assessment of goodwill, valuation of decommissioning provisions, defined benefit schemes and Going Concern and viability statement.

In planning and performing our audit we assessed the potential impacts of climate change on the group's business and any consequential material impact on its financial statements. The group has explained in Note 4 how they have reflected the impact of climate change in their financial statements including where assumptions applied align with their commitment to the aspirations of the Paris Agreement to achieve net zero emissions by 2050.

Significant judgements and estimates relating to climate change are included in note 4.

Government and societal responses to climate change risks are still developing, and are interdependent upon each other, and consequently financial statements cannot capture all possible future outcomes as these are not yet known. The degree of certainty of these changes may also mean that they cannot be taken into account when determining asset and liability valuations and the timing of future cash flows under the requirements of IAS 36. Budgets and forecasts for SSE plc reflect the spend to come on the NZAP + investment programme. In notes 15 and 20 to the financial statements, supplementary sensitivity disclosures reflecting the impact of climate with regards to valuation of property, plant and equipment, impairment assessment of goodwill and valuation of decommissioning provisions and the impact of reasonably possible changes in key assumptions have been provided and significant judgements and estimates relating to climate change have been described within the aforementioned notes. We have ensured the completeness of climate consideration as part of our impairment and Going Concern audit procedures, including those referred to within our impairment KAM below.

In order to respond to the impact of climate change, we ensured we had the appropriate skills and experience on the audit team, utilising climate change internal specialists. Our audit team included professionals with significant experience in climate change and energy valuations. Our audit procedures were carried out by the group and component teams, with the component teams working under the direction of the group team.

Our audit effort in considering climate change focused on ensuring that the effects of material climate risks disclosed on pages 71 to 78 have been appropriately reflected within the Going Concern cashflows, asset values and useful life and associated disclosures where values are determined through modelling future cash flows, being impairment considerations over Intangible assets and Property, Plant &Equipment and in the timing and nature of liabilities recognised, being decommissioning provisions. In addition, we performed detailed testing of the sensitivities noted in the accounts. Details of our procedures and findings on impairment are included in our KAMs below.

In FY25 as in the previous year SSE conducted scenario analysis of its material climate related opportunities and risks. With the support of our climate change internal specialists, we considered management's scenario planning and modelling of the three risks and five opportunities disclosed on pages 71 to 78. We reviewed and challenged the impact pathways developed and basis of the key assumptions included within these scenarios. We verified the transition risk scenario frameworks used within the modelling to challenge the appropriateness, applicability to SSE's current and future business model to ensure the accuracy of the financial impact ranges disclosed on pages 71 to 78.

We challenged the directors' considerations of climate change in their assessment of Going Concern and viability and associated disclosures. We also read the Other information in the annual report, and in doing so, considered whether the Other information, which includes SSE's climate targets, is materially consistent with the financial statements. We also considered consistency with other areas of assumptions, judgements and estimates and where applicable the procedures performed have been included within our KAMs below.

Based on our work, whilst we have not identified the impact of climate change on the financial statements to be a standalone key audit matter, we have considered the impact on the following key audit matters: Impairment of specific non-current assets (being Southern Europe development assets and goodwill, Pacifico development assets and goodwill, Great Island and Equity investment in Triton Power Holdings Limited ("Triton")). Details of the impact, our procedures and findings are included in our explanation of KAMs below.

Key audit matters (KAMs)

Key audit matters (KAMs) are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report to the Members of SSE plc continued

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Impairment of specific non-current assets (Southern Europe development assets and goodwill, Pacifico development assets and goodwill, Great Island and Equity investment in Triton Power Holdings Limited ("Triton") (Impairment charge £249.5m; Impairment charge 2024: £212.7m) *Refer to the Audit Committee Report (page 115); Accounting policies – significant judgements (page 176); and Note 15 of the Consolidated Financial Statements (page 201)* **Renewables developments – Southern Europe and Pacifico** There is a risk that due to the early stage of the SSE Southern Europe and SSE Pacifico developments, there could be an impairment charge over the goodwill and development assets. This is due to the early stages of development, the passage of time between acquisition date, development progress and full operationalisation, and the high sensitivity of models to changes in key assumptions. For SSE Southern Europe, the key assumptions are power price, discount rate and the development probability of success, including greenfield. For SSE Pacifico, the key assumptions include revenue support contract price, generation volumes, the proportion of external funding achievable, discount rate and projected probability of success. **Great Island CCGT and Investment in Triton** We determined that Great Island CCGT and the investment in Triton are at risk of impairment or impairment reversal. This is due to a number of global and national factors reducing or increasing their value in use or fair value less costs of disposal, triggering an impairment assessment. The key assumptions include future power prices, price volatility, forecast power demand, carbon prices, load factors, discount rate, useful economic life and operating expenditure. The estimated recoverable amount is subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows as a result of the above factors.	**Scoping:** Testing was performed over this risk area, covering both full and specific scope components (covering three components), which represented 100% of the risk amount. All audit work in relation to this key audit matter was undertaken by the component audit teams, with oversight from the group audit team. We obtained management's assessment of potential impairment indicators in accordance with IAS 36 for each of these risk areas. **Audit procedures included:** We have understood management's process and methodology for assessing assets for indicators of impairment, including indicators of reversal and, where applicable, we have understood management's modelling of cash flows including the source of the key input assumptions. We checked the historical accuracy of management's forecasting and verified that the assumptions are consistent with those used in other areas such as fixed asset useful life and decommissioning provision. We also considered contradictory indicators and any external facts and circumstances to assist us in challenging management's assessment. **Renewables developments – Southern Europe and Pacifico** Due to the early stage of development of both the SSE Southern Europe and SSE Pacifico platforms, a fair value less costs to sell ('FVLCS') assessment was performed for each, based on discounted post-tax cash flows. We engaged EY specialists in our assessment: a discount rate specialist and a specialist with experience of assessing forward prices in the overseas market. We consulted with colleagues in Japan and in Southern Europe, with deep experience of the renewables sector. Using our sector experience and our specialists, we assessed any unusual or unexpected trends identified within the cashflows year on year and assessed the impact on the overall forecasted position. We assessed the appropriateness of the model parameters and clerical accuracy of the models used. We applied sensitivities to management's models to evaluate headroom. For SSE Southern Europe, this included sensitivities relating to discount rate, merchant price exposure, and the probability of success of each project. In performing our procedures, we independently calculated an estimated range for the recoverable amount of the CGU. For SSE Pacifico, this included sensitivities relating to discount rate, fixed prices, generation volumes and the debt-to-equity funding ratio.	**Renewables developments – Southern Europe and Pacifico** We confirmed that the impairment charge of £249.5m recognised for SSE Southern Europe is appropriately recognised, with no impairment charge recorded for SSE Pacifico, which we also concluded is appropriately recognised. We have concluded that the methodology applied is reasonable, the forecast period is appropriate, and the impairment models are mathematically accurate. We considered the appropriateness of the related disclosures provided in note 15, considering whether any reasonably possible change disclosures were required based upon the headroom within the sensitivity analysis. We are satisfied that management's disclosures are aligned with the requirements of IAS36. **Great Island CCGT and Investment in Triton** We confirmed that no impairment charge or reversal was required to be recognised for the Great Island CCGT, the equity investment in Triton. We communicated that the pricing assumptions applied were appropriate. We communicated that the discount rates used sat within our comparative range determined by our specialist. We also noted that we are satisfied with the adequacy of disclosure within the group financial statements including climate related disclosures.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Impairment of specific non-current assets (Southern Europe development assets and goodwill, Pacifico development assets and goodwill, Great Island and Equity investment in Triton Power Holdings Limited ("Triton") (Impairment charge £249.5m; Impairment charge 2024: £212.7m) continued	**Great Island CCGT and Investment in Triton** We considered prior period impairments for indication of reversal. This involved considering indicators of reversal, focussed on demand, load factors and prices. We involved two EY specialists in our assessment: a discount rate specialist and a specialist with industry experience of assessing forward energy prices. Using our sector experience and our specialists, we assessed any unusual or unexpected trends identified within the cashflows year on year and assessed the impact on the overall forecasted position. We considered incremental repairs and committed capital expenditure on commenced projects and obtained management's assessment of the technical feasibility of useful life extensions and reviewed the extensions to contracted power contracts. We assessed the appropriateness of the model parameters and clerical accuracy of the models used. We considered load factors relative to the UK Governments as yet unlegislated target of no unabated gas post 2030 and reviewed impact on carrying values included within the disclosures should this legislation arise. We applied sensitivities to management's models to evaluate headroom, including sensitivities relating to climate change reflecting useful life assessment versus climate commitments and price and margin sensitivities. **Key assumptions (all relevant assets):** Using our sector experience and our specialists, we benchmarked to industry sources, where appropriate, the directors' judgement on the key assumptions. For SSE Southern Europe this included power price, discount rate, and the development probability of success, including, greenfield. For SSE Pacifico, this included revenue support contract price, generation volumes, the proportion of external funding achievable, discount rate and projected probability of success For Thermal assets, this included future power prices, price volatility, mean reversion rate (MRR), forecast power demand, carbon prices, load factors, discount rate, useful economic life and operating expenditure. We verified that the assumptions are consistent with those used in other areas. **Disclosures** We assessed the accuracy and adequacy of the disclosures in line with IAS 36, ensuring key assumptions are included and that the disclosures adequately reflect the risks inherent in the valuation of non-current assets and the impact of changes in assumptions on the impairment booked.	

Independent Auditor's Report to the Members of SSE plc continued

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Group and parent pension obligation (2025: £501.8m surplus, 2024: £421.6m surplus) *Refer to the Audit Committee Report (page 116); Accounting policies – significant judgements (page 177); and Note 23 of the group financial statements (page 222)* **Subjective valuation:** Small changes in the assumptions and estimates used to value the group and parent company pension obligations (before deducting scheme assets) would have a significant effect on the carrying value of those pension obligations. The effect of these matters is that, as part of our risk assessment, we determined that the group and parent company pension obligation has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The principal assumptions considered include rate of increase in pensionable salaries and pension payments, discount rate and mortality rates. There has been no change in this risk from the prior year.	**Scoping:** We performed audit procedures over this risk area centrally by the group team, which covered 100% of the risk amount. Our procedures included: **Assessing management process:** We have understood management's process and methodology for calculating the pension liability for each scheme, including discussions with management's external actuaries, walkthrough of the processes, understanding the key inputs and the design and implementation of key controls. We performed a fully substantive audit approach rather than testing the operating effectiveness of key controls. **Assessing management experts:** We have assessed the independence, objectivity and competence of the group's external actuaries, which included understanding the scope of services being provided and considering the appropriateness of the qualifications of the external actuary. **Assessing source data:** We tested a sample of the membership data used by the actuaries to the group's records. **Benchmarking assumptions:** With the support of our pension actuarial specialists, we assessed the appropriateness of the assumptions adopted by the directors by comparing them to the expectations of our pension actuarial specialists which they derived from broader market data. **Disclosure:** We considered the adequacy of IAS 19 disclosures, including presentation of commitments associated with deficit recovery plans and in respect of sensitivity of the defined benefit obligation to changes in the key assumptions. We further considered the response and disclosure in relation to the Virgin Media ruling (note 23).	We conclude that management's actuarial assumptions are appropriate and sit within our independently determined range. We are satisfied with the adequacy of disclosure within the financial statements.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Accounting for estimated revenue recognition **Unbilled revenue (2025: £521.1m, 2024: £663.7m)** *Refer to the Audit Committee Report (page 116); Accounting policies – significant judgements (page 177); and Note 18 of the group financial statements (page 212)* **Subjective estimate:** 56% of the unbilled revenue year end balance is recognised within the Business Energy division and is based on estimates of values and volumes of electricity and gas supplied to the year end date, less invoices raised. The method of estimating such revenues is complex and judgemental for UK business customers. The key estimates and assumptions are in relation to: 1. the volumes of electricity and gas supplied to the customers between the meter reading and year end; 2. the value attributed to those volumes in the range of tariffs; and 3. embedded impairment risk over the unbilled revenue. As a result of the estimation uncertainty this has been identified as a significant risk. **Scoping:** The balance subject to the significant risk relates to one component, Business Energy. Testing was performed covering 100% of the unbilled balance in Business Energy. Unbilled revenue in Airtricity in the Republic of Ireland and Northern Ireland was not included in the scope of this KAM due to reduced estimation complexity and materiality respectively. All audit work in relation to this key audit matter was undertaken by the component audit team with oversight from the group audit team.	**Audit methodology:** Our response to the assessed risk included understanding the process for estimating unbilled revenue, testing selected IT general and key application controls, and undertaking substantive audit procedures and revenue data analytics. **Tests of detail:** We agreed the opening unbilled revenue to the closing 31 March 2024 balance sheet. We agreed the volume data for customer usage of energy in the year used in the calculation to external settlement systems and agreed the volume data in relation to customer billings for the year to SSE's internal billing systems to assess consistency and to understand remaining estimation risk. We have understood and tested the historical accuracy of management's forecasting of final settlement volumes We have tested the unbilled unit pricing by agreeing historical pricing to sample bills, tested a sample of billing dates from the listing to confirm billing frequency and agreeing to post year end billing prices. We have also obtained and tested post year end billings to substantiate the basis of the unbilled revenue estimate at 31 March 2025. Within the unbilled revenue balance, we estimated the impact of operational billing delays. **Analytical Review:** We set benchmark expectations as to the likely level of total unbilled revenue, and compared this with actual unbilled revenue accrual, obtaining explanation for significant variances. Benchmark expectation was derived from the external settlements data combined with billing frequency, usage and price movement from last billing date to year end. We also tested the appropriateness of manual adjustments made by management. **Disclosure:** We assessed the adequacy of the group's disclosures about the degree of estimation and judgement involved in arriving at the estimated revenue.	Overall, through procedures performed within Business Energy, we are satisfied that the unbilled revenue is appropriately recognised by management. We are satisfied with the adequacy of disclosure within the financial statements.

In the prior year, our auditor's report included a key audit matter in relation to the 'Business Energy Evolve system migration'. As a result of this migration completing by 31 March 2024, this has not been included as a Key Audit Matter for the current financial year. We have also refined the Impairment KAM, removing the following power stations: Peterhead, Keadby, Keadby 2, Medway, Marchwood and the 2 Gas Storage locations (Atwick and Aldbrough). This reflects the increased headroom in the UK CCGTs, with no remaining impairment reversal available, and reflecting the low remaining carrying value of Gas storage assets.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality
The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the group to be £111.8 million (2024: £115.3 million), which is 5% (2024: 5%) of adjusted profit before tax. Our key criterion in determining materiality remains our perception of the needs of SSE's stakeholders. We consider which earnings, activity or capital-based measure aligns best with their expectations.

We determined materiality for the Parent Company to be £143.6 million (2024: £127.1 million), which is 2% (2024: 2%) of net assets. The materiality has been capped at the group materiality of £111.8m.

Starting basis	– Profit before tax – **£1,850.9m**
Adjustments	– Movement on operating and financing derivatives – **£65.7m** – Non-recurring exceptional items – **£309.4m** – JV Tax – **£9.0m**
Materiality	– Totals **£2,235.0m** adjusted profit before tax – Materiality of **£111.8m** (5% of materiality basis)

During the course of our audit, we reassessed initial materiality and amended it for final adjusted profit before tax figures.

Performance materiality
The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the group's overall control environment, our judgement was that performance materiality was 75% (2024: 75%) of our planning materiality, namely £83.8m (2024: £86.5m). We have set performance materiality at this percentage due to a low number and value of corrected and uncorrected misstatements in the prior year audit, with misstatements in the current year relating to one-off matters or having an immaterial impact on the consolidated income statement.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £13.0m to £36m (2024: £12.8m to £30.2m).

Reporting threshold
An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £5.6m (2024: £5.8m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report set out on pages 1 to 160, including the strategic report and the directors' report (Governance section) set out on pages 1-83 and 84 to 160 respectively other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Corporate Governance Statement

We have reviewed the directors' statement in relation to Going Concern, longer-term viability and that part of the Corporate Governance Statement relating to the group and company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the UK Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the Going Concern basis of accounting and any material uncertainties identified set out on page 83;
- Directors' explanation as to its assessment of the company's prospects, the period this assessment covers and why the period is appropriate set out on page 83;
- Directors' statement on whether it has a reasonable expectation that the group will be able to continue in operation and meets its liabilities set out on page 83;
- Directors' statement on fair, balanced and understandable set out on page 114;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 61 to 69;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 118 to 119; and
- The section describing the work of the Audit Committee set out on pages 113 to 119.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 160, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group and parent company's ability to continue as a Going Concern, disclosing, as applicable, matters related to Going Concern and using the Going Concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are IFRS, FRS 101, the Companies Act 2006 and UK Corporate Governance Code and relevant tax compliance regulations in the jurisdictions in which the group operates. We also considered non-compliance of regulatory requirements, including the Office of Gas and Electricity Markets (Ofgem) and regulations levied by the UK Financial Conduct Authority and Prudential Regulatory Authority. We confirmed our understanding with the Internal Head of Regulation.
- We understood how SSE plc is complying with those frameworks by making enquiries of management, internal audit, those responsible for legal and compliance procedures and the Company Secretary. We verified our enquiries through our review of board minutes and papers provided to the Audit Committee.
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by meeting with management from various parts of the business to understand where it considered there was susceptibility to fraud. We also considered performance targets and their propensity to influence on efforts made by management to manage earnings. We considered the programmes and controls that the group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved: journal entry testing, with a focus on consolidation journals and journals indicating large or unusual transactions based on our understanding of the business; enquiries of legal counsel, group management, internal audit, business area management at all full and specific scope components; and focused testing. In addition, we completed procedures to conclude on the compliance of the disclosures in the annual report and accounts with all applicable requirements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

- Following the recommendation from the Audit Committee we were appointed by the company on 18 July 2019 to audit the financial statements for the year ended 31 March 2020 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is 6 years, covering the years ended 31 March 2020 to 31 March 2025.
- The audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

William Binns (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor

London

20 May 2025

Glossary

AIP
Annual Incentive Plan that applies to salaries

AGM
Annual General Meeting

APM
Alternative Performance Measures used to track financial performance

ASTI
Ofgem's Accelerated Strategic Transmission Investment framework

CAGR
Combined Annual Growth Rate

Capex
Capital expenditure

CCGT
Combined Cycle Gas Turbine

CCS
Carbon capture and storage

CfD
Contract for Difference

CHP
Combined Heat and Power

COP29
The 29th Conference of Parties climate summit held in Baku in November 2024

DNO
Distribution Network Operator

DSO
Distribution System Operator

EBITDA
Earnings before interest, taxes, depreciation, and amortisation

EBRS
The UK Government's Energy Bill Relief Scheme

EGL
The UK Government's Energy Generator Levy

EGL2
The planned HVDC undersea transmission link from Peterhead to Yorkshire

EPS
Earnings Per Share

ESG
Environment, Social and Governance

ETS
Emissions Trading Scheme

EV
Electric Vehicle

FID
Final Investment Decision

FFO
Funds From Operations

GAAP
Generally Accepted Accounting Principles

GDPR
General Date Protection Regulation

GHG
Greenhouse gas, used in relation to GHG emissions

GW
Gigawatt

HVDC
High Voltage Direct Current

HVO
Hydrotreated Vegetable Oil, a fossil-free alternative to diesel

IEA
International Energy Agency

IPCC
International Panel on Climate Change

KPI
Key Performance Indicator

kV
Kilovolt

LOTI
Ofgem's Large Onshore Transmission Investment plan

LTI
Lost Time Incidents

MW
Megawatt

NESO
National Energy System Operator

Net zero
Cutting greenhouse gas emissions to a level that is equal to or less than the emissions removed from the environment

NIC
National Infrastructure Commission

NZAP
SSE's Net Zero Acceleration Programme, updated in May 2023 to "NZAP Plus"

OCGT
Open-cycle Gas Turbine

ORESS
Ireland's Offshore Renewable Energy Support Scheme

PSR
Priority Services Register

RAV
Regulated Asset Value as applies to SSE's networks businesses

RCF
Retained Cash Flow

REFIT
Renewable Energy Feed-in Tariffs

REGO
Renewable Energy Guarantee of Origin

REMA
The UK Government's Review of Electricity Market Arrangements

RIIO
The "Revenue = Incentives + Innovation + Outputs" regulatory framework by which SSE's networks businesses are remunerated.

Scope 1, 2 and 3 emissions
Scope 1 and 2 are those emissions that are owned or controlled by SSE. Scope 3 emissions are from sources not directly owned or controlled by SSE.

Spark spread
The difference between the price received by SSE for electricity produced and the cost of the natural gas needed to produce that electricity

SSESET
Safety, Service, Efficiency, Sustainability, Excellence, Teamwork. SSE core values

TCFD
Task Force on Climate-related Financial Disclosures

tCO_2e
Tonnes of carbon dioxide equivalent

Totex
Total expenditure

TRIR
Total Recordable Injury Rate (SSE's preferred measure of safety performance)

TWh
Terawatt-hour

VaR
Value at Risk

WACC
Weighted Average Cost of Capital

Shareholder information

Shareholder enquiries

The Company's register of members is maintained by our Registrar, Computershare Investor Services PLC (Computershare). For queries about shareholdings, contact Computershare directly at:

Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ

Phone: +44 (0) 345 143 4005

Web: www-uk.computershare.com/investor/#contact/enquiry

Investor Centre

Manage your shares online at www.sse-shares.com

You can manage your holdings online using Investor Centre, the free and secure online portal provided by Computershare. It's easy to register for Investor Centre: log on to www.sse-shares.com, enter your postcode and Shareholder Reference Number (SRN) which can be found on any recent communications from SSE, and follow the instructions. Once registered, you can:

- View, update and calculate the market value of your shareholdings;
- Change address details and dividend payment instructions; and
- See share price data and trading graphs of listed companies.

Website

SSE's website, sse.com, provides shareholders with information about the Company and its performance. It includes a dedicated Investors section where you can find electronic copies of Company reports and a wide range of other information including:

- share price information;
- regulatory news;
- dividend history and trading graphs;
- terms and conditions of the Scrip Dividend Scheme; and
- Registrar contact details.

Digital news

SSE uses a dedicated news and views website (available at www.sse.com/news-and-views) and LinkedIn (www.linkedin.com/company/sse-plc) to keep shareholders, investors, journalists, employees and other interested parties up to date with news from the Company.

It's also possible to sign up for email alerts for regulatory news and press releases relating to SSE at www.sse.com/investors/regulatory-news/.

Electronic communications

Receiving electronic communications from SSE is better for shareholders, SSE and the environment:

- **Fast access:** immediate notification by email when new shareholder documentation is available – nothing lost or delayed in the post.
- **Cost-effective:** reduced printing and postage costs saves the Company and its shareholders money.
- **Environmentally friendly:** reducing the environmental impact of printing and delivering paper documents aligns with SSE's commitment to sustainability.

You must actively choose to receive SSE investor communications electronically. You can easily do this and change your communication preferences in the online Investor Centre, www.sse-shares.com or by contacting Computershare.

All new shareholders are automatically registered to access shareholder documentation through the Investors section of our website, but will be notified by post when new shareholder documentation is available. SSE only sends printed copies of documentation where shareholders specifically request a copy.

Financial calendar

Publication of Annual Report	13 Jun 2025
Q1 Trading Statement	17 Jul 2025
AGM	17 Jul 2025
Ex-dividend date for final dividend	24 Jul 2025
Record date for final dividend	25 Jul 2025
Final date for Scrip elections	21 Aug 2025
Payment date	18 Sept 2025
Notification of Close Period for six months to 30 September	Around 30 Sept 2025
Results for six months to 30 September	12 Nov 2025

Dividend payments direct to your bank account

The Company typically pays dividends twice yearly. Interim dividends are paid in February/March, and final dividends are paid in September once approved by shareholders at the AGM. All dividends are credited to a shareholder's nominated UK bank/building society account. You can register or change your UK bank/building society account details on the online Investor Centre, www.sse-shares.com, or by contacting Computershare.

If you don't have a UK bank or building society account, you can have your dividends paid directly into a non-UK bank account using Computershare's International Funds Transfer (IFT). For more information, please visit www.sse-shares.com or contact Computershare.

SSE shareholder tracing programme in association with Georgeson

SSE has engaged Georgeson (a trading name of Computershare) to locate and unite gone-away and lost shareholders with their outstanding dividends and/or shares. It is important that shareholders who are contacted either respond to Georgeson's correspondence or contact Computershare in their capacity as Registrar to reclaim their dividends and/or shares. Fees apply should shareholders wish to use Georgeson's services.

In accordance with SSE's Articles of Association, SSE may in certain circumstances forfeit the shares of shareholders who have been uncontactable for over 12 years. To ensure the efficient management of the Register of Members, SSE may do so in circumstances where Georgeson are unable to locate such shareholders. Further details on the programme are available on the Company's website, sse.com.

Scrip dividend

You can choose to join SSE's Scrip Dividend Scheme to receive future dividends as additional new shares. Details of the Scheme are available at https://www.sse.com/investors/shareholder-services/dividends-and-scrip-scheme/. Shareholders who choose this Scheme should also complete a bank mandate to make sure they continue to receive future dividend payments should they withdraw from the Scheme.

Share dealing

Please go to www.computershare.com/dealing/uk for a range of dealing services provided by Computershare. To speak to the Computershare Dealing Services team directly, please call +44 (0) 370 703 0084.

American Depositary Receipts

SSE has established a sponsored Level I American Depositary Receipt (ADR) program with Deutsche Bank Trust Company Americas (Deutsche Bank). Each ADR represents one SSE Ordinary Share. More information and Deutsche Bank's contact details can be found at https://www.sse.com/investors/adrs.

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