

## SSE PLC GREEN BOND 2022

### DNV ELIGIBILITY ASSESSMENT

#### Scope and objectives

SSE plc (hereafter referred to as “SSE” or “The Company”) is a FTSE 100 UK-listed energy company with operations and investments across the UK and Ireland. SSE develops, builds, operates and invests in low-carbon electricity infrastructure in support of the transition to the UK’s carbon net zero targets. This includes onshore and offshore wind, hydro power, flexible thermal generation, electricity transmission and distribution networks, and localised energy systems. SSE also provides energy products and services for businesses and other customers.

SSE envisions being a leading energy company in the drive towards achieving net zero and has outlined its plans and strategy to achieve this within two separate releases. Firstly, SSE published its [Net Zero Acceleration Programme \(NZAP\)](#). The plans, as outlined in this document, seek to accelerate clean growth, lead the energy transition, and to maximise value for stakeholders. It includes a £12.5bn strategic capital investment plan to 2026 alongside ambitious 2031 targets. Second, the Company has published its [Net Zero Transition Plan](#) that focuses on actions outside of SSE’s current investment cycle, and which supports the achievement of its net-zero ambition.

SSE intends to utilise the proceeds from the issuance of its new 2022 Green Bond (hereafter referred to as “Bond”) under the SSE Green Bonds Framework 2021 (hereafter referred to as “Framework”) for financing and/or refinancing of specific green projects and programmes that fall under the Eligible Green Projects Category of Renewable Energy, as detailed in [Schedule 1](#) of this document.

DNV Business Assurance Services Limited (henceforth referred to as “DNV”) has been commissioned by SSE to provide a Green Bond eligibility assessment on the Bond. Our methodology to achieve this is described under ‘Work Undertaken’ below. We were not commissioned to provide independent assurance or other audit activities. No assurance is provided regarding the financial performance of the Bond, the value of any investments in the Bond, or the long-term environmental benefits of the transaction. Our objective has been to provide an assessment that the Bond has met the criteria established on the basis set out below.

#### Responsibilities of the Management of SSE and DNV

The management of SSE has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion that is intended to inform SSE’s management, and other interested stakeholders, as to whether the Bond is aligned with the International Capital Market Association Green Bond Principles 2021 (GBP). DNV’s assessment is supplemented with international guidelines and standards, as well as DNV’s own technical expertise, to assess sustainability eligibility.

In our work, we have relied on the information and the facts presented to us by SSE. DNV is not responsible for any aspect of the nominated assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by SSE’s management and used as a basis for this assessment were not correct or complete.

#### Basis of DNV’s opinion

We have adapted our Green Bond eligibility assessment methodology to create an **SSE-specific Green Bond Eligibility Assessment Protocol** (henceforth referred to as “Protocol”) - see [Schedule 2](#). Our Protocol includes a set of suitable criteria that can be used to underpin DNV’s opinion.

As per our Protocol, the criteria against which the Bond has been reviewed are grouped under the four Principles:

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- **Principle One: Use of Proceeds.** The Use of Proceeds criteria are guided by the requirement that an issuer of a green bond must use the funds raised to finance eligible activities. The eligible activities should produce clear environmental benefits.
- **Principle Two: Process for Project Evaluation and Selection.** The Project Evaluation and Selection criteria are guided by the requirements that an issuer of a green bond should outline the process it follows when determining the eligibility of an investment using Green Bond proceeds and outline any impact objectives it will consider.
- **Principle Three: Management of Proceeds.** The Management of Proceeds criteria are guided by the requirements that a green bond should be tracked within the issuing organisation, that separate portfolios should be created when necessary and that a declaration of how unallocated funds will be handled should be made.
- **Principle Four: Reporting.** The Reporting criteria are guided by the recommendation that at least annual reporting to the bond investors should be made of the use of bond proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible.

## Work undertaken

Our work constituted a high-level review of the available information based on the understanding that this information was provided to us by SSE in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us.

The work that was undertaken to form our opinion included:

- Creation of an SSE-specific Protocol, adapted to the purpose of the Bond, as described above and in [Schedule 2](#) to this assessment.
- Assessment of documentary evidence provided by SSE on the Bond and supplemented by high-level desktop research. These checks refer to current assessment best practices and standards methodology.
- Discussions with SSE management, and a review of the relevant documentation and evidence related to the criteria of the Protocol.
- Documentation of findings against each element of the criteria.

Our opinion as detailed below is a summary of these findings.

## Findings and DNV's opinion

DNV's summary findings are listed below with further detail provided in [Schedule 2](#).

### 1. Principle One: Use of Proceeds.

SSE intends to use the proceeds of this Bond to finance and/or refinance Eligible Green Projects. The SSE Green Bonds Framework 2021 defines Eligible Green Projects as those that fall into the following two categories:

- Renewable Energy: Production
- Renewable Energy: Transmission

For this Bond issuance, the Use of Proceeds will be aimed towards the refinancing of projects under the 'Renewable Energy: Production' category. This is inclusive of four new UK-based projects as listed below, that are presented in more detail in [Schedule 1](#):

- Viking windfarm
- Gordonbush windfarm extension

- Seagreen windfarm, and
- The Doggerbank windfarm.

DNV has reviewed the projects proposed for this Bond and we can conclude that they meet the definition within the Framework. We also conclude that the above projects fall within the eligible category of Renewable Energy (including production, transmission, appliances, and products) of the GBP.

Furthermore, DNV has reviewed the evidence provided, and we can confirm that there is no duplication of the Use of Proceeds of this Bond, and the previous Bonds as issued by SSE.

## **2. Principle Two: Process for Project Evaluation and Selection.**

DNV can confirm that the project evaluation and selection have been carried out by the Tax and Treasury Committee, as led by the Finance Director of SSE. The Committee has ultimate responsibility for reviewing all of SSE's existing projects which have been completed in the past 24 months or will be completed in the near future, and in determining their suitability to be an Eligible Green Project. The Committee also determines the environmental criteria to ensure that only projects that will have a substantial green impact, qualify as green investments.

DNV has reviewed the evidence provided and we can confirm that the Eligible Green Projects, and the governance framework for project evaluation and selection, meet the eligibility criteria defined by SSE in the Bond documentation, including the SSE Green Bonds Framework 2021. SSE has defined the process by which Eligible Green Projects are selected and described the key metrics used as well as defining the team and individuals responsible for selecting projects which are in line with the GBP.

## **3. Principle Three: Management of Proceeds.**

DNV has reviewed evidence and we can confirm that shows that the proceeds of the Bond issuance will be directed to the financing and/or refinancing of projects within the UK that fall under the Renewable Energy: Production category. SSE has also confirmed that it will temporarily hold the funds in either deposits within its relationship banking group or as liquid money market funds. Funds held on deposit will be monitored by the Tax and Treasury Committee, as led by the Finance Director, until fully allocated. DNV can also confirm that SSE has committed to maintaining a buffer of Eligible Green Projects available for investment. We can also confirm that SSE has a robust process in place for the management of proceeds that is in line with the GBP.

## **4. Principle Four: Reporting:**

DNV can confirm that SSE has committed to both Allocation and Impact Reporting that will be published within one year of issuance online on its website. Reporting will take place from the date of issuance of the Green Bond. In terms of Allocation Reporting, the allocation of proceeds will be shown up to the level of refinancing of capital expenditure already spent on projects. Any proceeds that remain on deposit and are still to be allocated will be reported in the following year(s). DNV can also confirm that SSE has committed to providing its investors with information on the environmental impact of the projects under the eligible category, as it has done for previous Green Bond issuances. For instance, this information may include indicators such as expected annual carbon saved on renewable energy projects, expected renewable electricity capacity and output, and electricity flows from transmission investments.

Based on the information provided by SSE and the work undertaken, it is DNV's opinion that the Bond meets the criteria established in the Protocol and that it is aligned with the SSE Green Bonds Framework 2021, and the stated definition of Green Bonds within the GBP.

**for DNV Business Assurance Services UK Limited**

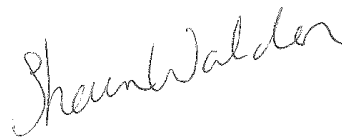
London, 23 July 2022

A handwritten signature in black ink, appearing to read "Niki Bowen", written over a light blue rectangular background.

**Niki Bowen (PhD)**

Senior ESG Consultant and Project Manager

DNV – Business Assurance

A handwritten signature in black ink, appearing to read "Shaun Walden", written over a light blue rectangular background.

**Shaun Walden**

Head of Sustainable Finance and Reviewer

DNV – Business Assurance

**About DNV**

Driven by our purpose of safeguarding life, property and the environment, DNV enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight. With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 12,000 professionals are dedicated to helping customers make the world safer, smarter and greener.

## SCHEDULE 1: DESCRIPTION OF CATEGORIES TO BE FINANCED THROUGH THE FRAMEWORK

SSE has a green finance register which serves as a record of its portfolio of eligible green projects, from which the company invests the proceeds of its green bonds over time. Each project is outlined on the register detailing information on:

- Total capital expenditure (Capex) to March 2022.
- Project investment to date.
- Estimated completion date.

The 2022 register outlines **four new projects** in SSE's portfolio, as described below.

ICMA Eligible Green Projects Category	Description of Activities
<p style="text-align: center;"><b>Renewable Energy</b></p>	<ul style="list-style-type: none"> <li>• <b>Viking Windfarm</b></li> </ul> <p>Based on the Shetland Islands, a 103-turbine, 443MW onshore wind farm which after completion will be able to power an estimated 475,000 homes in Scotland including all homes on the Shetland Islands. It is estimated by SSE that the Viking windfarm will account for 1.6TWh of energy in 2024/25 and 1.9TWh in 2025/26.<sup>1</sup> The total Capex on this project to March 2022 is £166.0m with the project due for completion in August 2024.</p>
	<ul style="list-style-type: none"> <li>• <b>Gordonbush Windfarm Extension</b></li> </ul> <p>Consisting of 11 Siemens Gamesa wind turbines and the potential to generate up to 38MW of wind-powered electricity, the wind farm is situated in the Scottish Highlands. This project aims to extend its scope and expand capacity to see the integration of Siemens Gamesa's Renewable Hydrogen Upgrade at the site. The facility would be capable of producing up to 2,000 tonnes of green hydrogen each year using wind energy generated at Gordonbush.<sup>2</sup> The total Capex, over a two-year period to March 2022, is £37.0m.</p>

<sup>1</sup> Viking Onshore Windfarm (Date Accessed: 14/07/2022) [[online](#)]

<sup>2</sup> Gordonbush Windfarm Extension (Date Accessed: 14/07/2022) [[online](#)]

- **Seagreen Windfarm**

An offshore windfarm based in Scotland, it is a joint venture between SSE (49%) and TotalEnergies (51%). After construction is completed, it will be Scotland's largest offshore windfarm with 150 turbines. 114 are currently under construction and will provide green energy to more than 1.6 million homes. The wind farm is expected to enter commercial operation in Q2 2023.<sup>3</sup> The Green Financing would be used to expand the wind farm and increase renewable energy production. The total Capex to March 2022 is £508.0m.

- **Doggerbank Windfarm**

Separated into three parts, A, B and C, the Doggerbank Wind farm is expected to become the world's largest offshore wind farm, with a capacity of 3.6GW and the ability to power up to 6 million homes in the UK. SSE Renewables is leading on the development and construction of Dogger Bank Wind Farm with Equinor undertaking the responsibility for the operation upon completion.<sup>4</sup> This project is due for completion in March 2026 with a total Capex of £206.0m to March 2022.

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<sup>3</sup> Seagreen Offshore Windfarm (Date Accessed: 14/07/2022) [[online](#)]

<sup>4</sup> Doggerbank Offshore Windfarm (Date Accessed: 14/07/2022) [[online](#)]

## SCHEDULE 2: SSE GREEN FINANCE FRAMEWORK ELIGIBILITY ASSESSMENT PROTOCOL

### 1. Use of Proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	Types of Financing Framework	<p>The Green Bond must fall in one of the following categories, as defined by the GBP&amp; Guidelines:</p> <ul style="list-style-type: none"> <li>• Use of Proceeds Bond</li> <li>• Use of Proceeds Revenue Bond</li> <li>• Project Bond</li> <li>• Securitised Bond</li> </ul>	<p>Discussions with SSE and review of the following documents:</p> <ul style="list-style-type: none"> <li>• Draft Terms Sheet 2022 (dated 30.06.22).</li> <li>• Prospectus (dated 17.06.22).</li> <li>• SSE Eligible Green Bond Register.</li> <li>• <a href="#">SSE's Green Bonds Framework 2021</a>.</li> </ul>	<p>DNV can confirm that the Framework outlines the type of finance expected to be issued as green bonds. We have reviewed the Draft Terms Sheet and the Prospectus, and we note that the documentation confirms that the Bond is a Use of Proceeds bond that will be used for the financing/refinancing of Eligible Green Projects.</p> <p>We can confirm that the Bond that is being issued under the Framework aligns with the GBP.</p>
1b	Green Project Categories	<p>The cornerstone of a Green Bond is the utilisation of the proceeds which should be appropriately described in the legal documentation for the security.</p>	<p>Discussions with SSE and review of the following documents:</p> <ul style="list-style-type: none"> <li>• Draft Terms Sheet 2022 (dated 30.06.22).</li> <li>• Prospectus (dated 17.06.22).</li> <li>• SSE Eligible Green Bond Register.</li> <li>• <a href="#">SSE's Green Bonds Framework 2021</a>.</li> <li>• <a href="#">SSE's 2022 Annual Report</a>.</li> <li>• <a href="#">SSE's 2022 Sustainability Report</a>.</li> </ul>	<p>We can confirm that the Framework appropriately describes the utilisation of proceeds and the eligible green project category defining SSE's portfolio of qualifying projects, as "Renewable Energy".</p> <p>SSE, in the Eligible Green Bond Register, outlines the four new projects, all pertaining to The Company's migration towards wind energy produced around the UK. We note the four projects identified are aligned with ICMA's Renewable Energy definition.</p> <p>The evidence reviewed outlines the total Capex SSE is undertaking for each project as well as The Company's progress towards that total project expenditure.</p> <p>SSE states that to entitle a scheme as an Eligible Green project, the project will either:</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<ul style="list-style-type: none"> <li>Relate to the production of renewable energy from onshore and offshore wind power; or</li> <li>Relate to renewable energy transmission network infrastructure</li> </ul>
1c	Green benefits	All designated Green Project categories should provide clear environmental benefits, which, where feasible, will be quantified or assessed by the issuer.	<p>Discussions with SSE and review of the following documents:</p> <ul style="list-style-type: none"> <li>SSE Eligible Green Bond Register.</li> <li><a href="#">SSE's Green Bonds Framework 2021</a>.</li> <li><a href="#">SSE's 2022 Annual Report</a>.</li> <li><a href="#">SSE's 2022 Sustainability Report</a>.</li> </ul>	<p>SSE has provided a description of the types of Eligible Green Projects that it intends to finance under the Framework. SSE has prioritised the projects that it feels will support its progress towards delivering net zero through investment in renewable energy infrastructure across the UK, and especially in Scotland where The Company is best able to harness wind energy. The Bond is being issued to fund the increased production of energy from wind farms as part of a long-term decarbonisation strategy, which aligns with the GBP.</p> <p>The evidence reviewed gives DNV the opinion that the Bond being issued under this Framework will deliver clear environmental benefits which are relevant to the business activity.</p>

## 2. Process for Project Selection and Evaluation

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2a	Investment-decision process	The issuer of a Green Bond should outline the decision-making process it follows to determine the eligibility of projects using Bond proceeds.	<p>Discussions with SSE and review of the following documents:</p> <ul style="list-style-type: none"> <li>SSE Eligible Green Bond Register.</li> <li><a href="#">SSE's Green Bonds Framework 2021</a>.</li> </ul>	DNV can confirm that SSE has reported in the Framework that there is a clear management structure in place to evaluate and select the Eligible Projects that it will finance using the proceeds raised from the Bond.



Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
			<ul style="list-style-type: none"> <li>• <a href="#">SSE's Net Zero Transition Plan 2022.</a></li> <li>• <a href="#">SSE's 2022 Annual Report.</a></li> <li>• <a href="#">SSE's 2022 Sustainability Report.</a></li> </ul>	<p>DNV notes that SSE's Tax and Treasury Committee, which is led by the Finance Director, has oversight of Eligible Green Projects. The other committee members represent the key departments responsible for company liquidity across the Company. This Committee has ultimate responsibility for reviewing all of SSE's existing projects which have been completed in the past 24 months or are due to be completed.</p> <p>The committee has two primary selection criteria for a project to be eligible for Green financing:</p> <ul style="list-style-type: none"> <li>• It must contribute to a positive environmental impact</li> <li>• It must support <a href="#">SDG 13</a> (take urgent action to combat climate change and its impacts).</li> </ul> <p>This Committee will also, on an annual basis, review the ownership of all existing projects included in the Green Bond Framework, as well as any new project which may be eligible to be included within the portfolio of projects for future Green Bond refinancing.</p> <p>DNV is of the opinion that SSE strives to bring about positive environmental impacts from its operational and capital activities. We note that SSE may update its selection criteria in accordance with any developments in SSE's sustainability and environmental policies.</p> <p>In addition to the Tax and Treasury Committee review, for any investment of greater than £10m, SSE operates its Large Capital Project Governance Framework. This framework ensures that all large capital investment projects SSE may choose to undertake are well governed, developed, approved and executed in a consistent and effective manner, with</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<p>consideration of best practice in project delivery, safety and sustainability.</p> <p>All four of the projects to be financed under the Bond will need to be subject to this additional step to ensure compliance with the additional criteria as the investment values are in excess of £10m in all cases:</p> <ul style="list-style-type: none"> <li>• Viking Windfarm (£166m total Capex)</li> <li>• Gordonbush Windfarm Extension (£37m)</li> <li>• Seagreen Windfarm (£508m)</li> <li>• Doggerbank Windfarm (£206m)</li> </ul> <p>We can conclude that the Framework appropriately describes the Process for Project Selection and Evaluation and that the Bond is aligned to the GBP.</p>
2b	Issuer's governance framework	In addition to the information disclosed by an issuer on its Green Bond process, criteria and assurances, investors may also take into consideration the quality of the issuer's overall framework and performance regarding environmental sustainability.	<p>Discussions with SSE and review of the following documents:</p> <ul style="list-style-type: none"> <li>• SSE Eligible Green Bond Register.</li> <li>• <a href="#">SSE's Green Bonds Framework 2021</a>.</li> <li>• <a href="#">SSE's Net Zero Transition Plan 2022</a>.</li> <li>• <a href="#">SSE's 2022 Annual Report</a>.</li> </ul>	<p>DNV has reviewed the evidence showing that this process will be supported by a robust governance framework, and the Company's commitment to the environment through its commitments to <a href="#">SDG 13</a> and Net Zero (Scope 1 and 2) by 2040 and Net Zero (Scope 3) by 2050.<sup>5</sup></p> <p>DNV concludes that based on the information provided to us, this is in line with SSE's wider approach to managing sustainability and the risk of potential and future projects.</p>

<sup>5</sup> Net Zero Transition Plan, (page 5), [\[pdf\]](#)

### 3. Management of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3a	Tracking procedure	The gross proceeds of a Green Bond should be credited to a sub-account, moved to a sub-portfolio, or otherwise tracked by the issuer in an appropriate manner and attested to by a formal internal process that will be linked to the issuer's lending and investment operations for Green Projects.	<p>Discussions with SSE and review of the following documents:</p> <ul style="list-style-type: none"> <li>• SSE Eligible Green Bond Register.</li> <li>• <a href="#">SSE's Green Bonds Framework 2021</a>.</li> <li>• <a href="#">SSE's 2022 Annual Report</a>.</li> <li>• <a href="#">SSE's 2022 Sustainability Report</a>.</li> </ul>	<p>DNV can confirm that SSE will internally track the value of the Green financing and the amount of net proceeds outstanding under the Bond on a portfolio basis, for so long as the finance remains in place. We are satisfied with the Green finance register which is used to track Capex progress.</p> <p>Additionally, SSE confirms that auditors or other third party appointed by SSE will verify the internal tracking method and the allocation of funds from the Green Bond proceeds to the Eligible Green Projects.</p> <p>DNV concludes that the proceeds from the Bond will be tracked in an appropriate manner and is attested to by a formal internal process.</p>
3b	Tracking procedure	So long as the Green Bonds are outstanding, the balance of the tracked proceeds should be periodically reduced by amounts matching eligible green investments or disbursements made during that period.	<p>Discussions with SSE and review of the following documents:</p> <ul style="list-style-type: none"> <li>• SSE Eligible Green Bond Register.</li> <li>• <a href="#">SSE's Green Bonds Framework 2021</a>.</li> <li>• <a href="#">SSE's 2022 Annual Report</a>.</li> <li>• <a href="#">SSE's 2022 Sustainability Report</a>.</li> </ul>	<p>SSE has confirmed in the Framework that proceeds from the Bond issuance will be directly allocated to the refinancing of the Eligible Projects to the level of capital expenditure spent at the time of settlement. Thereafter, proceeds will be allocated on a monthly basis to projects to cover ongoing capital expenditure. Based on this process and SSE's commitment to having their internal tracking method verified by auditors or other third party, DNV confirms that SSE has an adequate process to track periodic investments or disbursements of the Bond proceeds.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3c	Temporary holdings	Pending such investments or disbursements to Eligible Projects, the issuer should make known to investors the intended types of temporary investment instruments for the balance of unallocated proceeds.	<p>Discussions with SSE and review of the following documents:</p> <ul style="list-style-type: none"> <li>SSE Eligible Green Bond Register.</li> <li><a href="#">SSE's Green Bonds Framework 2021.</a></li> <li><a href="#">SSE's 2022 Annual Report.</a></li> </ul>	<p>SSE confirms that any proceeds that cannot be allocated to the refinancing of projects at settlement, will temporarily be stored either as deposits within its relationship banking group or within the liquid money market fund. Funds held on deposit will be monitored by the Tax and Treasury Committee.</p> <p>In the event of divestment of any included project, either completed or under construction, SSE will include other Eligible Projects in the same categories outlined in Schedule 1, which are aligned with the GBP.</p> <p>DNV concludes that SSE has made clear how it will manage any unallocated proceeds.</p>
3d	Over-collateralisation	n/a	<p>Discussions with SSE and review of the following documents:</p> <ul style="list-style-type: none"> <li>SSE Eligible Green Bond Register.</li> <li><a href="#">SSE's Green Bonds Framework 2021.</a></li> <li><a href="#">SSE's 2022 Annual Report.</a></li> </ul>	<p>SSE has confirmed that it will seek to maintain a ratio of 1.2:1 of over-collateralised eligible Green Bond assets to Green Bonds issuance.</p> <p>DNV has reviewed the evidence and concludes that there is no duplication of the Use of Proceeds from the Bond issuance, and that the Bond has sufficient collateralisation.</p>

#### 4. Reporting

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
4a	Periodical reporting	In addition to reporting on the use of proceeds and the temporary investment of unallocated proceeds,	Discussions with SSE and review of the following documents:	SSE has confirmed that it has committed to annual allocation and impact reporting, which will be available to investors within one year from the date of the Green Bond issuance.

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
		<p>issuers should provide at least annually a list of projects to which the bond proceeds have been allocated including - where possible, with regards to confidentiality and/or competitive considerations - a brief description of the projects and the amounts disbursed, as well as the expected environmental, social and/or sustainable impact.</p>	<ul style="list-style-type: none"> <li>• SSE Eligible Green Bond Register.</li> <li>• <a href="#">SSE's Green Bonds Framework 2021</a>.</li> <li>• <a href="#">SSE's Green Bond Reporting 2022</a>.</li> <li>• <a href="#">SSE's Net Zero Transition Plan 2022</a>.</li> <li>• <a href="#">SSE's 2022 Annual Report</a>.</li> <li>• <a href="#">SSE's 2022 Sustainability Report</a>.</li> </ul>	<p><u>Allocation Reporting</u></p> <p>Allocation of proceeds will be shown up to the level of refinancing capital expenditure on projects that have already been invested. Any surplus proceeds that remain on deposit and are still to be allocated will be reported the following year.</p> <p>Should SSE refinance its equity share within a joint venture it will be reported on an equity stake basis. Should there be any variance in the initial allocation reporting, such as divestments, SSE will duly update the allocation report within one year.</p> <p><u>Environmental Reporting</u></p> <p>SSE will also provide information about the environmental impacts of the qualifying projects funded by the proceeds raised from the Bond. On an annual basis and until the maturity of the Green Bond issued, SSE will provide investors with information on its investor website and within its Annual Sustainability Statement on SSE's website regarding the environmental impact of the category of projects.</p> <p>This reporting will include relevant environmental metrics related to the Eligible Green Bond Projects. Some examples include:</p> <ul style="list-style-type: none"> <li>• The expected annual carbon saved</li> <li>• Expected electricity capacity and output</li> <li>• Electricity flows from transmission investments.</li> </ul> <p>DNV confirms SSE's intent to seek external verification of its data for the allocation and impact reporting included in its Annual Report and Sustainability Report, which is in line with the requirements of the ICMA GBP.</p>