



SSE'S GREEN BOND REPORTING

SSE's fourth annual Green Bond Report



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SSE issued its fourth green bond of £500m in March 2021. SSE has also issued three further green bonds: £350m in September 2019, €650m Green Bond issued in September 2018 and its inaugural €600m Green Bond issued in September 2017. This means that SSE continues to be the largest issuer of Green Bonds in the FTSE100.

This report constitutes SSE's fourth annual Green Bond update to investors and covers the allocation of proceeds and environmental impact from SSE's four Green Bonds in accordance with its Green Bond Frameworks 2017 and 2019 and the most recently updated version in March 2021. These frameworks can be found at <https://www.sse.com/greenbond>.

SSE's Tax and Treasury Committee, led by SSE's Finance Director, evaluated and selected eligible green projects for inclusion in its Green Bond Frameworks. These eligible projects were either completed in the 24 months up to the issuance of each green bond or due to be completed in the near future. The main criteria for a project to be eligible within the Green Bond Frameworks was that it must make a positive environmental impact, support SSE's commitment to the ongoing reduction of the carbon intensity of its electricity generation and finally, support the United Nations Sustainable Development Goal 13 (to take urgent action to combat climate change and its impacts).

ALLOCATION OF PROCEEDS

The proceeds from all four of SSE's Green Bonds were directly allocated to the refinancing of eligible green projects listed in the Green Bond Frameworks, and therefore fully employed at settlement.

Table 1 provides the details of SSE's four Green Bonds, including the total value allocated to eligible green projects in Sterling.

For all four Green Bonds, PwC have provided assurance over the use of proceeds and the environmental impact of the assets in the green bond portfolio. The assurance statement and the criteria used for reporting can be found at [sse.com/greenbond](https://www.sse.com/greenbond).

The proceeds of Green Bond 1 (issued in 2017) and Green Bond 2 (issued in 2018) have been allocated to refinancing of part of SSE's £1.3bn portfolio of eligible projects of onshore wind farms in the UK and Ireland and the Caithness-Moray HVDC (High Voltage Direct Current) connection, as listed in SSE's Green Bond Framework 2017.

The proceeds of Green Bond 3 and Green Bond 4 have been allocated to refinancing of part of Scottish Hydro Electric plc's (SHE) large capital investment programme of eligible transmission network projects in the UK. The latest investments in transmission networks in the north of Scotland are primarily required to provide energy transportation between Scottish renewable generation supply and the UK electricity customer demand.

It is SSE's intention, where possible, to maintain a ratio of 1.2 to 1 of eligible green project to total Green Bonds outstanding.



TABLE 1: SSE PLC'S GREEN BONDS

	Green Bond 1	Green Bond 2	Green Bond 3	Green Bond 4
Issuer	SSE plc	SSE plc	SHET plc	SHET plc
Currency	EURO	EURO	GBP	GBP
ISIN	XS1676952481	XS1875284702	XS2057092236	XS2321663473/XS2322933495
Size	€600,000,000	€650,000,000	£350,000,000	£500,000,000
GBP: EUR at issuance	1.09404	1.0990	N/A	N/A
Sterling Equivalent at issuance	£548,426,017.30	£591,446,676.80	£350,000,000	£500,000,000 (Dual Tranche) (£250,000,000 per tranche)
Pricing Date	30 August 2017	28 August 2018	20 September 2019	17 March 2021
Settlement Date	6 September 2017	4 September 2018	27 September 2019	24 March 2021
Maturity Date	6 September 2025	4 September 2027	27 September 2035	24 March 2028/24 March 2036
Coupon	0.875%	1.375%	2.25%	1.50%/2.125%

ENVIRONMENTAL IMPACT OF SSE'S GREEN BONDS

To report the environmental impact of the Green Bonds, SSE considers the impacts outlined below in relation to its onshore wind farm projects and transmission networks projects.

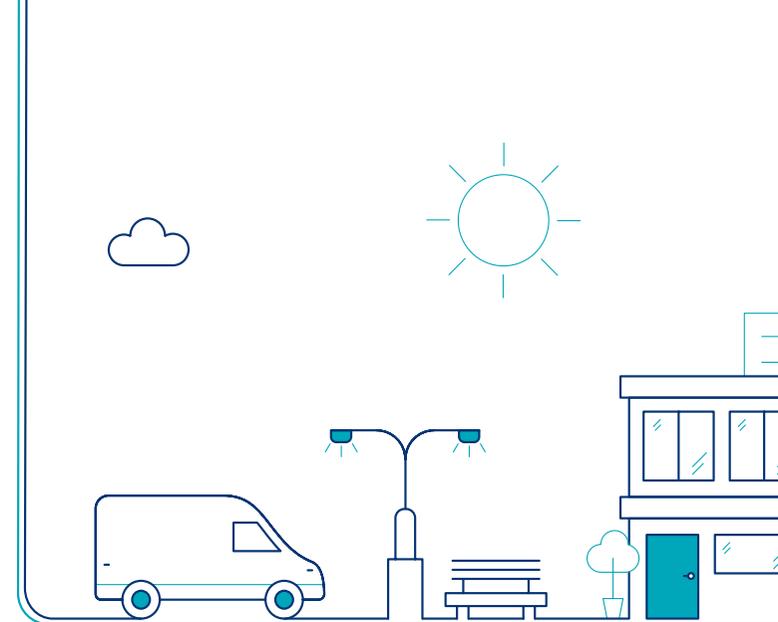
Onshore wind farm green projects: The carbon emissions are assumed to be zero and the environmental impact is the reduction of carbon emissions from generating wind power rather than generating grid-connected electricity. The criteria for Green Bond reporting is described at sse.com/greenbond.

Transmission networks, Caithness-Moray: Caithness-Moray is a HVDC technology used to transmit power through 113km of subsea cable beneath the Moray Firth seabed between the new converter stations at Spittal in Caithness and Blackhillock in Moray. For the Caithness-Moray transmission

link, the green impact refers to the 1,200MW¹ of capacity to transmit power from the north of Scotland across the UK. The project has already facilitated the connection of 985MW of renewable generation to connect to the national grid. This includes turbines from Beatrice offshore wind farm (588MW capacity) and Dorenell onshore wind farm (117MW capacity on completion).

The project supports the additional connection of onshore renewable generation on the mainland as well as the Scottish Islands of the Western Isles, Orkney and Shetland.

Transmission networks, Scottish Hydro Electric Transmission plc (SHET)² projects: For the eligible transmission network projects used for allocating proceeds from GB3 and GB4, the green impact relates to 8,705.7MW (including Caithness-



Moray and Shetland transmission links) of capacity for renewable generation connections with a further 8,807.0MVA of new or upgraded transmission infrastructure to accept additional power from new renewable projects and to transmit that power from the north of Scotland to the appropriate regions in the UK.

These transmission projects will for example connect turbines from Stronelairg (228MW), Dorenell (117MW) and Kyllachy (48.5 MW) onshore wind farms and the Aberdeen Offshore wind farm (99MW).

Tables 2 to 5 detail the environmental impact from the green projects which the Green Bond proceeds were allocated to.

1 For this transmission link, the actual electricity transmitted is controlled by National Grid Electricity System Operator.

2 SSEN Transmission operating under licence as Scottish Hydro Electric Transmission plc

GREEN BOND 1 ISSUED 2017

Table 2: Allocation of Green Bond proceeds and green project impact to refinancing eligible onshore wind farm green projects for Green Bond 1.

Type of eligible green project	Eligible green project	Total actual capex spend (£m) **	Capacity fully operational (MW) */ Qualifying capacity (MW) **	Date fully operational	Allocation of Green Bond 1 proceeds (£m)	Qualifying output (GWh) ^{(1) (2)}	Qualifying carbon saved (tCO ₂ e) ^{(1) (2)}
Onshore wind farm	Strathy North	102.9	67/67	Nov 15	102.9	105.5	24,603.9
Onshore wind farm	Tievenameenta	42.9	34/34	Feb 17	41.5	85.8	19,999.0
Onshore wind farm	Comhlach Gaoithe Teoranta (Galway Wind Park)	85.6	66/66	Jun 17	81.9	173.6	40,466.5
Onshore wind farm	Dunmaglass	88.9	94/47	Aug 17	88.9	110.1	25,677.4
Onshore wind farm	Clyde Extension (part of Clyde Windfarm (Scotland) Limited)	100.3	173/87	Sep 17	100.1	216.8	50,545.0
Onshore wind farm	Bhlaraidh	117.1	110/110	Oct 17	106.6	186.1	43,383.4
Total	Onshore wind farm project contribution	537.7	544/411		521.9	877.9	204,675.2
HDVC Transmission connection ⁽³⁾	Caithness-Moray transmission link ⁽⁴⁾	1,020.0	1,200/1,200	Jan 19	26.5	-	-
Total contribution	Onshore wind farms and Caithness-Moray transmission link	1,557.7^(A)	1,744/1,611^(A)		548.4^(A)	877.9^(A)	204,675.2(A)

*Capacity fully operational reflects the total capacity of the project in MW.

**Reported actual capex and qualifying capacity reflect SSE's 50.1% ownership in Clyde Windfarm (Scotland) Limited and Dunmaglass wind farms.

(1) Reported output and carbon saved reflects SSE's 50.1% ownership in Dunmaglass and Clyde Windfarm (Scotland) Limited wind farms.

(2) Green Bond 1 output (GWh) and carbon saved (tCO₂e) for reporting period 1 April 2020 to 31 March 2021.

(3) For this transmission link, the actual electricity transmitted is controlled by National Grid Electricity System Operator.

(4) Caithness-Moray transmission link features in Green Bonds 1, 2 and 3 so the total capex spend for this project is included in tables 2, 3 and 4. The green impact of Caithness-Moray refers to the 1,200MW of capacity that transmits power from the north of Scotland across the UK. The project has already facilitated the connection of 985MW of renewable generation to connect to the national grid. This includes the Beatrice offshore wind farm (588MW capacity on completion) and Dorenell onshore wind farm (177MW capacity on completion). The project supports the additional connection of onshore renewable generation on the mainland as well as the Scottish Islands of the Western Isles, Orkney and Shetland.

(A) This data has been subject to assurance by PwC. For the limited assurance opinion see www.sse.com/greenbond.

GREEN BOND 2 ISSUED 2018

Table 3: Allocation of Green Bond proceeds and green project impact to refinancing eligible green projects for Green Bond 2.

Type of eligible green project	Eligible green project	Total actual capex spend (£m) **	Capacity fully operational (MW) */ Qualifying capacity (MW) **	Date fully operational	Allocation Green Bond 2 proceeds (£m)	Qualifying output (GWh) ^{(1) (2)}	Qualifying carbon saved (tCO ₂ e) ^{(1) (2)}
Onshore wind farm	Leanamore	30.8	18/18	Feb 18	30.8	55.1	12,845.1
Onshore wind farm	Stronelairst	147.6	228/114	Dec 18	147.6	231.2	53,907.0
Total	Onshore wind farm project contribution	178.4	246/132		178.4	286.3	66,752.1
HDVC Transmission connection ⁽³⁾	Caithness-Moray transmission link ⁽⁴⁾	1,020.0	1,200/1,200	Jan 19	413.0	-	-
Total contribution	Onshore wind farms and Caithness-Moray transmission link	1,198.4^(A)	1,446/1,332^(A)		591.4^(A)	286.3^(A)	66,752.1^(A)

*Capacity fully operational reflects the total capacity of the project in MW.

**Reported actual capex and qualifying capacity reflect SSE's 50.1% ownership in Stronelairst wind farm.

(1) Reported output and carbon saved reflects SSE's 50.1% ownership in Stronelairst wind farm.

(2) Green Bond 2 output (GWh) and carbon saved (tCO₂e) for reporting period 1 April 2020 to 31 March 2021.

(3) For this transmission link, the actual electricity transmitted is controlled by National Grid Electricity System Operator.

(4) Caithness-Moray transmission link features in Green Bonds 1, 2 and 3 so the total capex spend for this project is included in tables 2, 3 and 4. The green impact of Caithness-Moray refers to the 1,200MW of capacity that transmits power from the north of Scotland across the UK. The project has already facilitated the connection of 985MW of renewable generation to connect to the national grid. This includes the Beatrice offshore wind farm (588MW capacity on completion) and Dorenell onshore wind farm (177MW capacity on completion). The project supports the additional connection of onshore renewable generation on the mainland as well as the Scottish Islands of the Western Isles, Orkney and Shetland.

(A) This data has been subject to assurance by PwC. For the limited assurance opinion see www.sse.com/greenbond.

GREEN BOND 3 ISSUED 2019

Table 4: Allocation of Green Bond proceeds and green project impact to refinancing eligible green projects for Green Bond 3.

SHET eligible green projects*	Construction/ Energised ⁽¹⁾	Total actual capex spend (£m)⁽²⁾	Qualifying project capacity ^{(3) (4)}	Allocation of Green Bond 3 proceeds (£m)
Caithness-Moray transmission link ⁽⁵⁾	Energised Jan 2019	1,020.0	1,200MW	107.0
Connecting offshore transmission company projects				
Moray Firth OTFO connection (New Deer)	Energised May 2021	4.8	900MW	3.1
Connecting distribution projects				
Rannoch GSP (Corrour Hydro)	Energised Aug 2017 (6)	5.1	5.5MW	5.1
Coupar Angus GSP (Tullymurdoch & Welton of Creuchies)	Energised Apr 2018	9.4	31.7MW	9.4
Rothienorman GSP (Rothmaisie)	Due June 2021	0.2	580MVA	0.2
Fort William GSP	Energised Sep 2018	7.1	24MW	7.1
Connecting onshore renewable projects				
Aberdeen Offshore wind farm	Energised May 2018	14.1	99MW	9.2
Dorenell windfarm	Energised Aug 2018	28.2	117MW	28.2
Stronelairg windfarm	Energised Mar 2018	114.1	228MW	90.2
Beauly – Tomatin				
Beauly – Tomatin (Boat of Garten Reconductoring)	Energised Dec 2019	86.1	782MVA	38.0
Beauly to Keith OHL Replacement	Energised June 2021	13.6	230MVA	13.0
Loch Buidhe to Dounreay 275kV	Energised May 2020	3.9	167MVA	3.9
Rothienorman Substation & Rothienorman – Kintore Reconductoring	Due June 2021	4.0	580MVA	4.0
Fort Augustus 400/132kV	Due Oct 2021	6.1	960MVA	6.1
Fort William to Fort Augustus (FFE/FFW)	Energised Sep 2019	43.5	220MVA	23.8
Fort William GSP Infrastructure	Energised Sep 2018	1.7	24MW	1.7
Total		1,361.9^(A)	2732.2MW/ 3519.0MVA^(A)	350.0^(A)

(1) Refers to the status of the project, construction means the project is still in construction and a due date for project completion is given, energised means the projects is completed and a date of completion is provided.

(2) Actual capex spend to 31 March 2019.

(3) MW refers to the total installed capacity of new renewable (onshore and offshore renewable energy) generation projects that are connecting to the transmission network, and the power rating of new HVDC transmission systems (in this case the Caithness-Moray transmission link).

(4) MVA refers to the new or increased power rating of the new or upgraded transmission infrastructure needed to enable the power from new additional renewable energy to flow through the existing alternating current (AC) system. This infrastructure is not attributable to specific renewable energy projects.

(5) Caithness-Moray transmission link project features in Green Bonds 1, 2 and 3 so the total capex spend for this project is included tables 2, 3 and 4. The green impact of Caithness-Moray refers to the 1,200MW of capacity that transmits power from the north of Scotland across the UK. The project has already facilitated the connection of 985MW of renewable generation to connect to the national grid. This includes the recently connected turbines from Beatrice offshore wind farm (588MW capacity on completion) and Dorenell onshore wind farm (177MW capacity on completion). The project supports the additional connection of onshore renewable generation on the mainland as well as the Scottish Islands of the Western Isles, Orkney and Shetland.

(6) Rannoch GSP was energised in August 2017, there was minor construction work ongoing until March 2019 and therefore the completion date of the project was March 2019.

* For the pipeline of SHET projects, the green impact for this report relates to 2,732.2MW (including Caithness-Moray transmission link) of capacity for renewable generation connections with a further 3,519.0MVA of new or upgraded transmission infrastructure to accept additional power from new renewable projects and to transmit that power from the north of Scotland to the appropriate regions in the UK. These transmission projects will for example connect turbines from Dorenell onshore wind farm (177MW capacity on completion), Stronelairg onshore wind farm (228MW capacity) and Aberdeen Offshore wind farm (99MW).

(A) This data has been subject to assurance by PwC. For the limited assurance opinion see www.sse.com/greenbond.

GREEN BOND 4 ISSUED 2021

Table 5: Allocation of Green Bond proceeds and green project impact to refinancing eligible green projects for Green Bond 4.

SHET eligible green projects*	Construction/ Energised ⁽¹⁾	Total actual capex spend (£m) ⁽²⁾	Qualifying project capacity ^{(3) (4)}	Allocation of Green Bond 3 proceeds (£m)
Connecting offshore transmission company projects				
Moray Firth OTFO connection (New Deer)	Energised May 2021	32.7	900MW	32.7
Connecting distribution projects				
Rothienorman GSP (Rothmaisie)	Due June 2021	8.6	580MVA	8.6
Connecting onshore renewable projects				
Dorenell windfarm	Energised Aug 2018	0.4	117MW	0.4
Stronelairg windfarm	Energised Mar 2018	16.2	228MW	16.2
Beauly – Tomatin	Energised Dec 2019	29.7	782MVA	29.7
Beauly – Tomatin (Boat of Garten Reconductoring)				
Beauly to Keith OHL Replacement	Energised June 2021	17.3	230MVA	17.3
Loch Buidhe to Dounreay 275kV	Energised May 2020	17.7	167MVA	17.7
Rothienorman Substation & Rothienorman – Kintore Reconductoring	Due June 2021	60.4	580MVA	60.4
Fort Augustus 400/132kV	Due August 2021	51.5	960MVA	51.5
Fort William to Fort Augustus (FFE/FFW)	Energised Sep 2019	17.0	220MVA	17.0
Kyllachy windfarm (transformer and OHL infrastructure (TCA and H1)	Energised April 2021	6.1	48.5MW	1.5
Lairg to Loch Buidhe OHL	Due August 2022	27.9	607MVA	4.6
Carradale GSP reinforcement (TCA)	Due Nov 2021	8.3	60MW	27.9
Keith to Blackhillock 132kV	Energised Oct 2020	15.8	87MVA	8.3
				15.8
Connecting offshore renewable projects				
				33.4
Tealing 275kV Busbar East Coast	Due Nov 2021	33.4	1,075MVA	125.7
Shetland HVDC	Due July 2024	125.7	600MW	
Connecting onshore/ offshore renewable projects				
				4.3
Tealing PST (ECU2)	Due Oct 2023	4.3	610MW	5.3
Alyth	Due Oct 2023	5.3	610MW	19.4
NE400 upgrades	Due Sept 2023	19.4	800MW	2.3
Eastern subsea HVDC link	Due Oct 2029	2.3	2000MW	
Total		500.0 ^(A)	5973.5MW/ 5288.0MVA ^(A)	500.0 ^(A)

(1) Refers to the status of the project, construction means the project is still in construction and a due date for project completion is given, energised means the projects is completed and a date of completion is provided.

(2) Actual capex spend from 1 April 2019 to 31 March 2021.

(3) MW refers to the total installed capacity of new renewable (onshore and offshore renewable energy) generation projects that are connecting to the transmission network, and the power rating of new HVDC transmission systems (in this case the Eastern subsea HVDC link).

(4) MVA refers to the new or increased power rating of the new or upgraded transmission infrastructure needed to enable the power from new additional renewable energy to flow through the existing alternating current (AC) system. This infrastructure is not attributable to specific renewable energy projects.

* For the pipeline of SHET projects, the green impact for this report relates to 5973.5MW (including Shetland transmission link) of capacity for renewable generation connections with a further 5288.0MVA of new or upgraded transmission infrastructure to accept additional power from new renewable projects and to transmit that power from the north of Scotland to the appropriate regions in the UK. These transmission projects will for example connect turbines from Kyllachy (48.5 MW) and Stronelaig (228MW) onshore wind farms.

(A) This data has been subject to assurance by PwC. For the limited assurance opinion see www.sse.com/greenbond.

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