



Independent Limited Assurance Report to the Directors of SSE plc

The Board of Directors of SSE plc (“SSE”) engaged us to provide limited assurance on the information described below for the SSE Green Bond 2017 (ISIN XS1676952481), Green Bond 2018 (ISIN XS1875284702) and Green Bond 2019 (XS2057092236) set out in SSE’s Annual Report and Sustainability Report for the year ended 31 March 2020 and online at <https://www.sse.com/investors/debt-investors/green-bond/>ⁱ.

Our conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information for the year ended 31 March 2020 has not been prepared, in all material respects, in accordance with the Reporting Criteria.

This conclusion is to be read in the context of what we say in the remainder of our report.

Selected Information

The scope of our work was limited to assurance over the information shown in Appendix 1 (the “Selected Information”).

The Selected Information are summarised in the Appendix 1. Our assurance does not extend to information in respect of earlier periods or to any other information included in the Annual Report 2020, Sustainability Report 2020 or disclosed online at: <https://www.sse.com/investors/debt-investors/green-bond/>ⁱ.

Professional standards applied and level of assurance

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) ‘Assurance Engagements other than Audits or Reviews of Historical Financial Information’, issued by the International Auditing and Assurance Standards Board. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our Independence and Quality Control

We complied with the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, and which is at least as demanding as Part A and Part B of the IESBA Code of Ethics. We apply International Standard on Quality Control (UK) 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. Our work was carried out by an independent team with experience in sustainability reporting and assurance.

Understanding reporting and measurement methodologies

The Selected Information needs to be read and understood together with the Reporting Criteria (SSE’s Green Bond Criteria that can be found online at <https://www.sse.com/investors/debt-investors/green-bond/>ⁱ, which SSE is solely responsible for selecting and applying. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time. The Reporting Criteria used for the reporting of the Selected Information are as at 31 March 2020.

Work done

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Information. In doing so, we:

- made enquiries of SSE’s management, including the corporate sustainability management team and those with responsibility for Green Bond governance and reporting;
- evaluated the design of the key structures, systems, processes and controls for managing, recording and reporting the Selected Information;
- vouched the exchange rates used to independent, external sources and confirmed the accuracy of foreign exchange translation calculations;
- inspected minutes of the Tax and Treasury Committee to confirm that the allocated projects had been considered and approved;

- obtained an internal listing of assets allocated to be refinanced by the Green Bond and confirmed that this was consistent with the proposed disclosure of the Reporting Criteria;
- considered the disclosure and presentation of the Selected Information; and
- performed limited substantive testing on a selective basis of the Selected Information to check that the identified assets were in line with the Green Bond Criteria and had been appropriately measured, recorded, collated and reported including:
 - Inspecting records maintained in SSE’s project accounting systems to confirm the existence of the asset, and that the amount spent at the date of the bond issue is equal or more than the value of the Green Bond to qualify for its refinancing;
 - Inspecting publicly available information to confirm that the capacities reported are consistent with the ones reported;
 - Inspecting a sample of operational records to confirm the accuracy of the output of the assets refinanced;
 - Ensure green bond assets have only been financed by green bond proceeds; and
 - Ensure each green bond asset falls into one of the eligible sectors per the SSE Green Bond Framework.

SSE’s responsibilities

The Directors of SSE are responsible for:

- designing, implementing and maintaining internal controls over information relevant to the preparation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- establishing objective Reporting Criteria for preparing the Selected Information;
- measuring and reporting the Selected Information based on the Reporting Criteria; and
- the Selected information content of the Annual Report 2020, Sustainability Report 2020 and online at: <https://www.sse.com/investors/debt-investors/green-bond/>ⁱ

Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the Directors of SSE.

This report, including our conclusions, has been prepared solely for the Board of Directors of SSE plc in accordance with the agreement between us, to assist the Directors in reporting SSE plc’s sustainability performance and activities relating to the Green Bond and its impact performance. We permit this report to be disclosed online at <https://www.sse.com/investors/debt-investors/green-bond/>ⁱ, for the year ended 31 March 2020, to assist the Directors in responding to their governance responsibilities by obtaining an independent assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors and SSE for our work or this report except where terms are expressly agreed between us in writing.

PricewaterhouseCoopers LLP
Chartered Accountants

London
24 June 2020

ⁱThe maintenance and integrity of SSE website is the responsibility of the Directors; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Selected Information or Reporting Criteria when presented on SSE’s website.

Appendix 1: Selected Information subject to limited assurance procedures

The Selected Information subject to limited assurance procedures are set out below. The Reporting Criteria “Green Bond reporting criteria” available at <http://sse.com/investors/debt-investors/green-bond/> has been used to prepare and report the Selected Information. The Reporting Criteria also explains the definitions and terminology used to describe the Selected Information.

Statement of proceeds

Table 1: List of eligible green projects refinanced by proceeds from 2017,2018 and 2019 Green Bonds at 27 September 2019 (details of qualifying criteria are outlined in the Green Bond Framework)

Eligible Green Projects ¹	Total Actual Capex Spend (£m) ^{1 2}	Qualifying Project Capacity MW ^{3 4 5}	Date Fully Operational ⁷	Allocation of 2017 Green Bond Proceeds (£m)	Allocation of 2018 Green Bond Proceeds (£m)	Allocation of 2019 Green Bond Proceeds (£m)
Strathy North	102.9	67MW	Nov 15	102.9	NIL	NIL
Tievenameenta	42.9	34MW	Feb 17	41.5	NIL	NIL
Slieve Divena 2 ⁶	NIL	NIL	Jun 17	NIL	NIL	NIL
Comhlach Gaoithe Teoranta (Galway Wind Park)	85.6	66MW	Jun 17	81.9	NIL	NIL
Dunmaglass 50.1%	88.9	47MW	Aug 17	88.9	NIL	NIL
Clyde Extension 50.1%	100.3	87MW	Sept 17	100.1	NIL	NIL
Bhlaraidh	117.1	110MW	Oct 17	106.6	NIL	NIL
Leanamore	30.8	18MW	Feb 18	NIL	30.8	NIL
Stronelairg 50.1%	147.6	114MW	Dec 18	NIL	147.6	NIL
Caithness Moray Link	1,020.0	1,200MW	Jan 19	26.5	413.0	80.5
Moray Firth OTFO connection (New Deer)	4.8	900MW	Apr 2021	NIL	NIL	4.8
Rannoch GSP (Corrour Hydro)	5.1	5.5MW	Aug 2017 ⁸	NIL	NIL	5.1
Coupar Angus GSP (Tullymurdoch & Welton of Creuchies)	9.4	31.7MW	Apr 2018	NIL	NIL	9.4
Rothienorman GSP (Rothmaisie)	0.2	580MVA	Jun 2021	NIL	NIL	0.2
Fort William GSP	7.1	24MW	Sept 2018	NIL	NIL	7.1
Aberdeen Offshore windfarm	9.0	99MW	May 2018	NIL	NIL	9.0
Dornell windfarm	28.2	220MW	Aug 2018	NIL	NIL	28.2
Stronelairg windfarm	116.1	228MW	March 2018	NIL	NIL	116.1
Beauly – Tomatin						
Beauly – Tomatin (Boat of Garten Reconductoring)	86.1	782MVA	Dec 2019	NIL	NIL	35.5
Beauly to Keith OHL Replacement	14.1	230MVA	May 2020	NIL	NIL	14.2
Loch Buidhe to Dounreay 275kv	4.1	167MVA	May 2020	NIL	NIL	4.1
Rothienorman Substation & Rothienorman – Kintore Reconductoring	4.0	580MVA	Jun 2021	NIL	NIL	4.0
Fort Augustus 400/132kv	6.1	960MVA	Aug 2021	NIL	NIL	6.1
Fort William to Fort Augustus (FFE/FFW)	24.0	220MVA	Sept 2019	NIL	NIL	24.0
Fort William GSP Infrastructure	1.7	24MW	Sept 2018	NIL	NIL	1.7
Total	2,056.1			548.4	591.4	350.0

¹ Onshore wind farms and Caithness Moray high voltage direct current (HDVC) connection. Where SSE hold a partial stake, the CAPEX spend reported represents SSE portion only as at 31 March 2019.

² Actual Capex Spend to 31 March 2019.

³ Project capacity in MW reflects SSE’s equity stake as at 31 March 2019.

⁴ MW refers to the total installed capacity of new renewable (on- and off-shore 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 Link).

⁵ 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.

⁶ Slieve Divena 2 Wind Farm was sold in March 2020, proceeds from the 2017 Green Bond have been reallocated to the Caithness Moray Link.

⁷ Date fully operational is one of the following, (i) construction completion and handover, (ii) construction due date or (iii) date energised

⁸ 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.

Impact reporting

The table below includes information relating to the capacity of onshore wind farms where the proceeds from the Green Bond has been invested. The table also includes electricity output data and potential carbon saved between the period of the 2017 and 2018 Green Bonds issuance and the financial year end (31 March 2020). Further details can be found at: <https://www.sse.com/investors/debt-investors/green-bond/>

Green Bond 2017 (1 April 2019 – 31 March 2020)

Selected Information	Total
• Renewable electricity capacity (MW)	411
• Electricity output (GWh)	1,394
• Estimated carbon emissions saved (ktCO _{2e})	356

Green Bond 2018 (1 April 2019 – 31 March 2020)

Selected Information	Total
• Renewable electricity capacity (MW)	132
• Electricity output (GWh)	341
• Estimated carbon emissions saved (ktCO _{2e})	87