

## PROSPECTUS



**SSE plc**

*(incorporated in Scotland, with limited liability, registered number SC117119)*

**Scottish Hydro Electric Power Distribution plc**

*(incorporated in Scotland, with limited liability, registered number SC213460)*

**Scottish Hydro Electric Transmission plc**

*(incorporated in Scotland, with limited liability, registered number SC213461)*

**Southern Electric Power Distribution plc**

*(incorporated in England and Wales, with limited liability, registered number 04094290)*

**€20,000,000,000**

**Euro Medium Term Note Programme**

Under the Euro Medium Term Note Programme described in this Prospectus (the “**Programme**”), SSE plc (“**SSE**”), Scottish Hydro Electric Power Distribution plc (“**SHEPD**”), Scottish Hydro Electric Transmission plc (“**SSEN Transmission**”), and Southern Electric Power Distribution plc (“**SEPD**”) (each an “**Issuer**” and together, the “**Issuers**”), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Euro Medium Term Notes (the “**Notes**”). The Notes issued by SSE may be issued as either senior notes (the “**Senior Notes**”) or as subordinated notes (the “**Subordinated Notes**”). The Notes issued by SHEPD, SSEN Transmission and SEPD will be Senior Notes only. References in this Prospectus to the “**Issuer**” or the “**relevant Issuer**” when used in relation to a particular Tranche or Series (each as defined in “**Overview of the Programme — Method of Issue**”) are to the Issuer of such Tranche or Series, as the case may be, of Notes. The aggregate nominal amount of Notes outstanding under the Programme will not at any time exceed €20,000,000,000 (or the equivalent in other currencies).

Application has been made to the Financial Conduct Authority (the “**FCA**”) under Part VI of the Financial Services and Markets Act 2000 (“**FSMA**”) for Notes issued under the Programme for the period of 12 months from the date of this Prospectus to be admitted to the official list of the FCA (the “**Official List**”) and to the London Stock Exchange plc (the “**London Stock Exchange**”) for such Notes to be admitted to trading on the London Stock Exchange’s Main Market (the “**Market**”). References in this Prospectus to Notes being “**listed**” (and all related references) shall mean that such Notes have been admitted to the Official List and have been admitted to trading on the Market. The Market is a regulated market for the purposes of Article 2(1)(13A) of Regulation (EU) No 600/2014 as it forms part of domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 (as amended “**EUWA**”) (the “**UK MiFIR**”).

This Prospectus has been approved by the FCA in accordance with the rules in the Prospectus Rules: Admission to Trading on a Regulated Market sourcebook (the “**PRM**”) made pursuant to its rule-making powers under the Public Offers and Admissions to Trading Regulations 2024 (the “**POATRs**”). The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the rules in PRM; such approval should not be considered as (a) an endorsement of the Issuers; or (b) an endorsement of the quality of the Notes that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes.

Each Series of Notes in bearer form will be represented on issue by a temporary global note in bearer form (each a “**temporary Global Note**”) or a permanent global note in bearer form (each a “**permanent Global Note**”). Notes in registered form will be represented by registered certificates (each a “**Certificate**”), one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series. Registered Notes issued in global form will be represented by registered global certificates. If the Global Notes are stated in the applicable Final Terms to be issued in new global note (“**New Global Note**” or “**NGN**”) form they will be delivered on or prior to the issue date of the relevant Tranche to a common safekeeper (the “**Common Safekeeper**”) for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream, Luxembourg**”).

Global Notes which are not issued in NGN form (“**Classic Global Notes**” or “**CGNs**”) and Certificates will be deposited on the issue date of the relevant Tranche with a common depository on behalf of Euroclear and Clearstream, Luxembourg (the “**Common Depository**”). If so specified in the applicable Final Terms, in respect of an issue of Senior Notes, following the delivery of such Senior Notes into Euroclear or Clearstream, Luxembourg, investors may also hold interests in the Senior Notes through Euroclear UK & Ireland Limited (“**CREST**”) through the issuance of dematerialised depository interests (“**CREST Depository Interests**” or “**CDIs**”), issued, held, settled and transferred through CREST, representing interests in the relevant Senior Notes underlying the CDIs (the “**Underlying Notes**”). CREST Depository Interests are independent securities distinct from the Senior Notes, constituted under, and governed by, English law and transferred through CREST and will be issued by CREST Depository Limited (the “**Crest Depository**”) pursuant to the global deed poll dated 25 June 2001 (as subsequently modified, supplemented and/or restated) (the “**CREST Deed Poll**”).

The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in “**Summary of Provisions Relating to the Notes while in Global Form**”.

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – If the Final Terms in respect of any Notes include a legend entitled “**Prohibition of Sales to EEA Retail Investors**”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments, as amended (“**MiFID II**”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “**IDD**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – If the Final Terms, in respect of any Notes include a legend entitled “**Prohibition of Sales to UK Retail Investors**”, the Notes are not intended to be offered, sold, distributed or otherwise made available to and should not be offered, sold, distributed or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is either one (or both) of the following: (i) not

a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law of the UK by virtue of the EUWA; or (ii) not a qualified investor as defined in paragraph 15 of Schedule 1 to the POATRs. Consequently no disclosure document required by the FCA Product Disclosure Sourcebook (“**DISC**”) for offering, selling or distributing the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering, selling or distributing the Notes or otherwise making them available to any retail investor in the UK may be unlawful under DISC and the Consumer Composite Investments (Designated Activities) Regulations 2024 (the “**UK CCI Regime**”).

**MIFID II product governance / target market** – The Final Terms in respect of any Notes may include a legend entitled “MiFID II Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the “**MIFID Product Governance Rules**”), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

**UK MiFIR product governance / target market** – The Final Terms in respect of any Notes may include a legend entitled “UK MiFIR Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

If, for the purpose of the UK CCI Regime, the Final Terms in respect of any Tranche of Senior Notes specify that the “Prohibition of Sales to UK Retail Investors” is not applicable, the relevant Issuer, together with the Dealers, may make a determination in relation to a Tranche of Senior Notes that such Senior Notes may be offered, sold or distributed in the UK in accordance with the exemption from the prohibition on offers to the public in paragraph 6(a) of Part 1 of Schedule 1 of the POATRs.

Amounts payable on certain Subordinated Notes and (in the case of Senior Notes only) Floating Rate Notes issued under the Programme may be calculated by reference to certain reference rates such as the Euro Interbank Offered Rate (“**EURIBOR**”) or the Sterling Overnight Index Average (“**SONIA**”) as specified in the applicable Final Terms, which are provided by the European Monetary Markets Institute and the Bank of England respectively. As at the date of this Prospectus, the Administrator of EURIBOR (European Monetary Markets Institute) appears on the register of administrators and benchmarks established and maintained by the FCA pursuant to Article 36 of the Benchmarks Regulation (Regulation (EU) 2016/1011) as it forms part of domestic law of the UK by virtue of the EUWA (the “**UK BMR**”). As at the date of this Prospectus, the Administrator of SONIA (the Bank of England) does not appear on the register of administrators and benchmarks established and maintained by the FCA pursuant to Article 36 of the UK BMR. As far as the Issuer is aware, the Bank of England (as administrator of SONIA) is not required to be registered by virtue of Article 2 of the UK BMR.

Senior Notes issued under the Programme are expected to be rated Baa1 by Moody’s Investors Service Limited (“**Moody’s**”), BBB+ by S&P Global Ratings UK Limited (“**S&P**”) and A- for SSE, SHEPD and SEP and A for SSEN Transmission by Fitch Ratings Ltd (“**Fitch**”). Subordinated Notes issued under the Programme are expected to be rated Baa3 by Moody’s, BBB- by S&P and BBB by Fitch. Each of Moody’s, S&P and Fitch is established in the UK and registered under Regulation (EC) No 1060/2009 as it forms part of domestic law of the UK by virtue of the EUWA (the “**UK CRA Regulation**”). Each of Moody’s, S&P and Fitch is not established in the European Economic Area (“**EEA**”) and has not applied for registration under Regulation (EC) No.1060/2009 (as amended) (the “**EU CRA Regulation**”), and together with the UK CRA Regulation, the relevant “**CRA Regulation**”). However, Moody’s Deutschland GmbH has endorsed the ratings of Moody’s, S&P Global Ratings Europe Limited has endorsed the ratings of S&P and Fitch Ratings Ireland has endorsed the ratings of Fitch. Each of Moody’s Deutschland GmbH, S&P Global Ratings Europe Limited and Fitch Ratings Ireland is established in the EEA and registered under the EU CRA Regulation. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Tranches of Notes to be issued under the Programme will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the ratings assigned to the Programme nor will it necessarily be the same as the rating assigned to Notes already issued. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the applicable Final Terms. Whether or not a rating in relation to any Tranche of Notes will be treated as having been issued by a credit rating agency established in the UK or EU and registered under the UK CRA Regulation or the EU CRA Regulation will be disclosed in the applicable Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

This Prospectus will be valid as a base prospectus under the PRM for 12 months from 1 June 2026 in relation to Notes which are to be admitted to the Market. The obligation to supplement this Prospectus in the event of significant new factors, material mistakes or material inaccuracies will not apply following the expiry of that period.

This Prospectus has been prepared by the Issuers and approved by the FCA for the purposes of admission to trading on the Market only. The Issuers may also make an offer of Senior Notes in reliance on the exemption from the prohibition on offers to the public in paragraph 6(a) of Part 1 of Schedule 1 of the POATRs, and any such offer is conditional on the Senior Notes being admitted to the Market. The offer of such Senior Notes may be withdrawn by the relevant Issuer if the Senior Notes are not admitted to the Market on or about the issue date of the relevant Tranche.

Where an offer of the Senior Notes is made in reliance on the exemption from the prohibition on offers to the public in paragraph 6(a) of Part 1 of Schedule 1 of the POATRs, the applicable Final Terms will indicate the offer is conditional on the Senior Notes being admitted to the trading on the Market. The Final Terms in respect of such Senior Notes must be submitted in their definitive form to the FCA and to the London Stock Exchange no later than 2pm on the business day before listing is to become effective. Notes will only be considered to be officially listed when the FCA announces this to the market in the form of its Official List Notice, which is released at 8:00am each London business day via a Regulatory Information Service (a “**RIS**”). Copies of Final Terms in relation to Notes to be listed on the Market will also be published on the website of the London Stock Exchange through a RIS. **The offer of such Senior Notes may be withdrawn without liability to the relevant Issuer or any relevant Dealer if the Notes are not admitted to the Market on or about the issue date of the relevant Tranche.**

The Programme provides that Notes of a Series may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the relevant Issuer and the relevant Dealer and as set out below. Any such Notes will have a minimum denomination of at least £50,000 (or the equivalent in another currency), will be offered in the UK solely to qualified investors or will be offered in the UK pursuant to another exemption from the prohibition on offers to the public, such exemptions set out in Schedule 1 of the POATRs.

Prospective investors should have regard to the factors described under the section headed “**Risk Factors**” in this Prospectus.

*Arranger for the Programme*

**NatWest**

*Dealers*

**Bank of China**

**BBVA**

**BofA Securities**

**HSBC**

**Lloyds Bank Corporate Markets**

**Morgan Stanley**

**NatWest**

**Barclays**

**BNP PARIBAS**

**Crédit Agricole CIB**

**J.P. Morgan**

**Mizuho**

**MUFG**

**RBC Capital Markets**

**Santander Corporate & Investment Banking**

1 June 2026

*This document comprises a base prospectus for the purposes of the PRM and for the purpose of giving information with regard to SSE and SSE and its subsidiaries (including SHEPD, SSEN Transmission and SEPD) taken as a whole (together, the “SSE Group”) (the “SSE Prospectus”).*

*With the exception of the information contained in the sections entitled “Description of the Issuers — SSE plc”, “Description of the Issuers — Scottish Hydro Electric Transmission plc”, “Description of the Issuers — Southern Electric Power Distribution plc” and “Description of the Issuers — the SSE Group”, the information contained in the documents referred to in paragraphs (i), (iii) and (iv) of the section entitled “Documents Incorporated by Reference” and the information contained in paragraphs 2(a), (c) and (d) relating to the consents, approvals and authorisations in connection with the update of the Programme of SSE, SSEN Transmission and SEPD, 3(a) and (b) relating to the significant change statement of SSE, SSEN Transmission and SEPD, 4(a) and (b) relating to the material adverse change statement of SSE, SSEN Transmission and SEPD and 5(a) and (b) relating to the litigation statement of SSE, SSEN Transmission and SEPD, in each case of the section entitled “General Information”, this document comprises a base prospectus for the purposes of the PRM and for the purpose of giving information with regard to SHEPD (the “SHEPD Prospectus”).*

*With the exception of the information contained in the sections entitled “Description of the Issuers — SSE plc”, “Description of the Issuers — Scottish Hydro Electric Power Distribution plc”, “Description of the Issuers — Southern Electric Power Distribution plc” and “Description of the Issuers — the SSE Group”, the information contained in the documents referred to in paragraphs (i), (ii) and (iv) to (vii) (inclusive) of the section entitled “Documents Incorporated by Reference” and the information contained in paragraphs 2(a), (b) and (d) relating to the consents, approvals and authorisations in connection with the update of the Programme of SSE, SHEPD and SEPD, 3(a) and (b) relating to the significant change statement of SSE, SHEPD and SEPD, 4(a) and (b) relating to the material adverse change statement of SSE, SHEPD and SEPD and 5(a) and (b) relating to the litigation statement of SSE, SHEPD and SEPD, in each case of the section entitled “General Information”, this document comprises a base prospectus for the purposes of the PRM and for the purpose of giving information with regard to SSEN Transmission (the “SSEN Transmission Prospectus”).*

*With the exception of the information contained in the sections entitled “Description of the Issuers — SSE plc”, “Description of the Issuers — Scottish Hydro Electric Power Distribution plc”, “Description of the Issuers — Scottish Hydro Electric Transmission plc” and “Description of the Issuers — the SSE Group”, the information contained in the documents referred to in paragraphs (i), (ii) and (iii) of the section entitled “Documents Incorporated by Reference” and the information contained in paragraphs 2(a), (b) and (c) relating to the consents, approvals and authorisations in connection with the update of the Programme of SSE, SHEPD and SSEN Transmission, 3(a) and (b) relating to the significant change statement of SSE, SHEPD and SSEN Transmission, 4(a) and (b) relating to the material adverse change statement of SSE, SHEPD and SSEN Transmission and 5(a) and (b) relating to the litigation statement of SSE, SHEPD and SSEN Transmission, in each case of the section entitled “General Information”, this document comprises a base prospectus for the purposes of the PRM and for the purpose of giving information with regard to SEPD (the “SEPD Prospectus” and together with the SSE Prospectus, the SHEPD Prospectus and the SSEN Transmission Prospectus, the “Prospectus”).*

*SSE accepts responsibility for the information contained in the SSE Prospectus and the Final Terms for each tranche of Notes issued by SSE (the “SSE FTs”). To the best of the knowledge of SSE, the information contained in the SSE Prospectus and the SSE FTs is in accordance with the facts and the SSE Prospectus as completed by the SSE FTs makes no omission likely to affect its import.*

*SSEN Transmission accepts responsibility for the information contained in the SSEN Transmission Prospectus and the Final Terms for each Tranche of Notes issued by SSEN Transmission (the “SSEN FTs”). To the best of the knowledge of SSEN Transmission, the information contained in the SSEN Transmission Prospectus and the SSEN FTs is in accordance with the facts and the SSEN Transmission Prospectus as completed by the SSEN FTs makes no omission likely to affect its import.*

*SHEPD accepts responsibility for the information contained in the SHEPD Prospectus and the Final Terms for each Tranche of Notes issued by SHEPD (the “**SHEPD FTs**”). To the best of the knowledge of SHEPD, the information contained in the SHEPD Prospectus and the SHEPD FTs is in accordance with the facts and the SHEPD Prospectus as completed by the SHEPD FTs makes no omission likely to affect its import.*

*SEPD accepts responsibility for the information contained in the SEPD Prospectus and the Final Terms for each Tranche of Notes issued by SEPD (the “**SEPD FTs**”). To the best of the knowledge of SEPD, the information contained in the SEPD Prospectus and the SEPD FTs is in accordance with the facts and the SEPD Prospectus as completed by the SEPD FTs makes no omission likely to affect its import.*

*This Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see “Documents Incorporated by Reference”). Other than in relation to the documents which are deemed to be incorporated by reference, the information on the websites to which this Prospectus refers does not form part of this Prospectus and has not been scrutinised or approved by the FCA.*

*This Prospectus is prepared solely for the purposes of admission to trading of Notes issued under the Programme to the Market. In respect of any offer of Notes pursuant to this Prospectus, the applicable Issuers have authorised the making of an offer of such Notes by any entity named as a Dealer, Manager or (in the case of certain Senior Notes as further set out below) any of the “Financial intermediaries authorised to use the Prospectus and these Final Terms” (each a “**Financial Intermediary**”), in each case, as applicable and as set out in the applicable Final Terms. The Issuers have not made arrangements with any financial intermediary other than an entity named as a Dealer, Manager or Financial Intermediary in the applicable Final Terms. An investor purchasing or intending to purchase any Senior Notes in an offer made in reliance on the exemption in paragraph 6(a) of Schedule 1 to the POATRs from any persons named in or identifiable in the applicable Final Terms as the Financial Intermediary will do so, and offers and sales of such Senior Notes to an investor by such Financial Intermediary will be made, in accordance with the terms and conditions of the offer in place between such Financial Intermediary and such investor including arrangements in relation to price, allocations, expenses and settlement. The relevant Issuer of such Senior Notes will not be a party to any such arrangements with such investors in connection with the offer or sale of the Senior Notes concerned and, accordingly, this Prospectus and any Final Terms will not contain such information. The relevant information will be provided by the Financial Intermediary at the time of such offer. None of the Issuers or, for the avoidance of doubt, any Dealer has any responsibility or liability to an investor in respect of the information described above.*

*Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of any Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of any Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.*

*The distribution of this Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by each Issuer, the Dealers and the Arranger to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933 as amended (the “**Securities Act**”), and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to, or for the account of, U.S. persons.*

*This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuers, the Arranger or the Dealers to subscribe for, or purchase, any Notes.*

*To the fullest extent permitted by law, none of the Dealers or the Arranger accept any responsibility for the contents of this Prospectus or for any other statement, made or purported to be made by the Arranger or a Dealer or on its behalf in connection with the Issuers or the issue and offering of the Notes. The Arranger and each Dealer*

*accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Prospectus or any such statement. Neither this Prospectus nor any other financial statements should be considered as a recommendation by any of the Issuers, the Arranger or the Dealers that any recipient of this Prospectus or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of any Issuer during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger. If a jurisdiction requires that the offering be made by a licensed broker or dealer and a Dealer or any affiliate of a Dealer is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Dealer or such affiliate on behalf of the Issuers in such jurisdiction.*

**In connection with the issue of any Tranche (as defined in “Overview of the Programme — Method of Issue”), the Dealer or Dealers (if any) acting as the stabilisation manager(s) (the “Stabilisation Manager(s)”) (or persons acting on behalf of any Stabilisation Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.**

#### **Second Party Opinions and External Verification**

*In connection with the issue of “Green Bonds” under the Programme, the relevant Issuer may request a provider of second-party opinions to issue a Green Bond second party opinion. Each such Green Bond second party opinion will be accessible through SSE’s website at: <https://www.sse.com/sustainability>. However, any information on, or accessible through, SSE’s website and the information in such opinions or reports or any past or future Green Bond second party opinion is not part of this Prospectus and should not be relied upon in connection with making any investment decision with respect to any Notes to be issued under the Programme. In addition, no assurance or representation is given by the Issuers, any other member of the SSE Group, the Dealers and their respective affiliates or the second party opinion providers as to the suitability or reliability for any purpose whatsoever of any opinion, report or certification of any third party in connection with the offering of any Green Bonds under the Programme. For the avoidance of doubt, none of the Sustainability Financing Framework, nor any such opinion, report or certification and any other document related thereto is, nor shall it be deemed to be, incorporated in and/or form part of this Prospectus.*

*In respect of any Notes issued with a specific use of proceeds, such as a Green Bond, none of the Dealers make any representation as to the green nature of such Notes or as to the eligibility of the Eligible Green Projects (as defined below). The Dealers have not undertaken, nor are they responsible for the assessment or verification of the Eligible Green Projects and their impact, the application of the net proceeds (or equivalent amount) towards the financing and/or refinancing of Eligible Green Projects or monitoring the use of the net proceeds of any such Notes (or amounts equal thereto).*

*For the avoidance of doubt, any “Green Bonds” issued under this Programme will not be aligned with the European Green Bond Standard (as defined in this Prospectus) and are intended to comply with the criteria and processes set out in the Sustainability Financing Framework only.*

*One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other*

*factors that may affect the value of the relevant Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.*

*Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:*

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;*
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;*
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;*
- (iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets;*
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks; and*
- (vi) understand the accounting, legal, regulatory and tax implications of a purchase, holding and disposal of an interest in the relevant Notes.*

*Some Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.*

*The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.*

*Certain alternative performance measures (“APMs”), as defined in PRM 12.1.6R, are included or referred to in this Prospectus. APMs are not defined in accordance with IFRS accounting standards and are non-GAAP measures used by the SSE Group within its financial publications to supplement disclosures prepared in accordance with other regulations. The SSE Group considers that these measures provide useful information to enhance the understanding of financial performance. The APMs should be viewed as complementary to, rather than a substitute for, the figures determined according to other regulatory measures. An explanation of each such APM's components and calculation method can be found at pages 144 to 150 (incorporated by reference herein) of SSE's 2026 Annual Report Extract and at pages 162 to 168 (incorporated by reference herein) of SSE's 2025 Annual Report.*

*In this Prospectus, unless otherwise specified or the context otherwise requires, references to “euro”, “Euro” and “€” are to the lawful currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community as amended, references to “£”, “Sterling”, “pounds” and “pence” are to the lawful currency of the United Kingdom, references to “\$” and “U.S. dollars” are to the*

*lawful currency of the United States of America and references to “¥”, “yen” and “JPY” are to the lawful currency of Japan.*

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## DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the following documents:

- (i) the audited consolidated financial statements of SSE for the financial year ended 31 March 2026, together with the independent audit report thereon and discussion around alternative performance measures (included on pages 151 to 209 and pages 254 to 264 and 144 to 150 respectively of the 2026 Annual Report Extract) (<https://www.sse.com/media/jkmhzc0/sse-fy26-financial-statements-with-ey-cover.pdf>);
- (ii) the audited consolidated financial statements of SSE for the financial year ended 31 March 2025 together with the independent audit report thereon and discussion around alternative performance measures (included on pages 169 to 228 and pages 272 to 282 and 162 to 168 respectively of the 2025 Annual Report of SSE) ([https://www.sse.com/media/qqtiamkh/sse\\_ar25\\_interactive\\_pdf.pdf](https://www.sse.com/media/qqtiamkh/sse_ar25_interactive_pdf.pdf)), respectively;
- (iii) the audited financial statements of SHEPD for the financial years ended 31 March 2024, together with the independent audit report thereon (included on pages 26 to 56 of the 2024 Statutory Accounts of SHEPD) ([fy24-shepd---signed-financial-statements-ey.pdf](https://www.ssen.co.uk/globalassets/library/financial-information/2024/shepd---signed-financial-statements-ey.pdf) ([ssen.co.uk](https://www.ssen.co.uk))) and 31 March 2025 (included on pages 26 to 57 of the 2025 Statutory Accounts of SHEPD) (<https://www.ssen.co.uk/globalassets/library/financial-information/2025/fy25-shepd-march-25-signed-financial-statements.pdf>), respectively;
- (iv) the audited financial statements of SSEN Transmission for the financial years ended 31 March 2024, together with the independent audit report thereon (included on pages 24 to 52 of the 2024 Statutory Accounts) ([shet-plc-financial-statements-2024.pdf](https://www.ssen-transmission.co.uk/globalassets/information-centre-media/financial-information/statutory-financial-accounts/shet-plc-financial-statements-2024.pdf) ([ssen-transmission.co.uk](https://www.ssen-transmission.co.uk))) and 31 March 2025 (included on pages 30 to 62 of the 2025 Statutory Accounts of SSEN Transmission) (<https://www.ssen-transmission.co.uk/globalassets/information-centre-media/financial-information/statutory-financial-accounts/shet-plc-financial-statements-2025.pdf>), respectively;
- (v) the audited financial statements of SEPD for the financial years ended 31 March 2024, together with the independent audit report thereon (included on pages 26 to 56 of the 2024 Statutory Accounts of SEPD) ([fy24-sepd---signed-financial-statements-ey.pdf](https://www.ssen.co.uk/globalassets/library/financial-information/2024/sepd---signed-financial-statements-ey.pdf) ([ssen.co.uk](https://www.ssen.co.uk))) and 31 March 2025 (included on pages 26 to 57 of the 2025 Statutory Accounts of SEPD) (<https://www.ssen.co.uk/globalassets/library/financial-information/2025/fy25-sepd-march-25-signed-financial-statements.pdf>) and, respectively, together, in each case, with the audit report thereon;
- (vi) future unaudited interim consolidated financial statements of SSE and the notes thereon, together with the review report thereon, and discussion around alternative performance measures which section will be in the same document as the unaudited interim consolidated financial statements, under the heading “Alternative Performance Measures” or such similar formulation, each as published after the date of the approval of this Prospectus, as and when any such financial statements are published on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/prices-and-news/news/market-news/market-news-home.html> in accordance with the requirements of the PRM during the 12-month period of validity of this Prospectus;
- (vii) the section entitled “Terms and Conditions of the Notes” on pages 19 to 47 of the Prospectus dated 13 June 2008 relating to the Programme;
- (viii) the section entitled “Terms and Conditions of the Notes” on pages 32 to 74 of the Prospectus dated 23 August 2018 relating to the Programme;
- (ix) the section entitled “Terms and Conditions of the Notes” on pages 29 to 71 of the Prospectus dated 18 September 2019 relating to the Programme;

- (x) the section entitled “Terms and Conditions of the Notes” on pages 32 to 77 of the Prospectus dated 16 March 2021 relating to the Programme;
- (xi) the section entitled “Terms and Conditions of the Notes” on pages 34 to 83 of the Prospectus dated 17 March 2022 relating to the Programme;
- (xii) the section entitled “Terms and Conditions of the Notes” on pages 35 to 84 of the Prospectus dated 24 August 2023 relating to the Programme;
- (xiii) the section entitled “Terms and Conditions of the Notes” on pages 34 to 82 of the Prospectus dated 23 August 2024 relating to the Programme; and
- (xiv) the sections entitled “Terms and Conditions of the Senior Notes” and “Terms and Conditions of the Subordinated Notes” on pages 44 to 123 of the Prospectus dated 6 June 2025 relating to the Programme,

together, the “**Documents Incorporated by Reference**”.

The Documents Incorporated by Reference have either been previously published or are published simultaneously with this Prospectus and have been approved by the Financial Conduct Authority or filed with it, or will be so published and filed. The Documents Incorporated by Reference shall be incorporated in and form part of this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus. Any documents themselves incorporated by reference in the Documents Incorporated by Reference in this Prospectus shall not form part of this Prospectus. Where only certain parts of the documents referred to above are incorporated by reference in this Prospectus, the parts of the document which are not incorporated by reference are either not relevant for prospective investors in the Notes or the relevant information is included elsewhere in this Prospectus.

Websites included in the Prospectus are for information purposes only and do not form part of the Prospectus.

Copies of documents incorporated by reference in this Prospectus may be obtained (without charge) from the Issuer’s website at <https://www.sse.com/> or the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/prices-and-news/news/market-news/market-news-home.html>.

## **SUPPLEMENTARY PROSPECTUS**

If at any time an Issuer shall be required to prepare a supplementary prospectus pursuant to PRM 10.1, such Issuer will prepare and make available a supplement to this Prospectus which, in respect of any subsequent issue of Notes to be listed on the Official List and admitted to trading on the Market, shall constitute a supplementary prospectus as required by the FCA and PRM 10.1.

Each Issuer has given an undertaking to the Arranger and the Dealers that if at any time during the duration of the Programme there arises or is noted a significant new factor, material mistake or material inaccuracy relating to information contained in this Prospectus which is capable of affecting an assessment by investors of the assets and liabilities, financial position, profits and losses and prospects of such Issuer and/or the rights attaching to the Notes to be issued by it, that Issuer shall prepare an amendment or supplement to this Prospectus or publish a replacement Prospectus for use in connection with any subsequent offering of Notes to be issued by it.

## RISK FACTORS

*Any investment in the Notes issued under the Programme is subject to a number of risks. Prior to investing in the Notes, prospective investors should carefully consider the factors and risks associated with any investment in the Notes, the business of the Issuers and the industry in which they operate, together with all other information contained in this Prospectus including, in particular, the risk factors described below.*

*Each Issuer believes that the following factors are specific to itself and/or to the Notes and are material for taking an informed investment decision as these risks may affect, individually or collectively, their respective ability to fulfil their obligations under the Notes. All of these factors are contingencies which may or may not occur. If any of these risks occur, the business, financial condition and performance of the Issuers could suffer and the trading price and liquidity of the Notes could decline.*

*Each Issuer believes that the factors described below represent the material risks inherent in investing in the Notes, but the relevant Issuer may be unable to pay interest, principal or other amounts on or in connection with any Notes for other reasons and the Issuers do not represent that the statements below regarding the risks of holding any Notes are exhaustive.*

*Each Issuer is a member of the SSE Group. Although certain of the factors described below will not apply directly to all Issuers as individual entities, all factors will affect the SSE Group as a whole, and each Issuer may in turn be affected by matters affecting the SSE Group.*

*Capitalised terms used herein and not otherwise defined have the meaning given to them in the “Terms and Conditions of the Senior Notes” and “Terms and Conditions of the Subordinated Notes” (together, the “Conditions”).*

### **Factors that may affect the relevant Issuer’s ability to fulfil its obligations under or in connection with the Notes**

#### **Risks related to the relevant Issuer’s business activities and industry**

##### ***Commodity Price Risk, Energy Procurement Risk and Security of Supply***

The SSE Group is exposed to fluctuations in both the physical volume and price of key commodities, including electricity, gas and CO<sub>2</sub> permits, oil, metals and related foreign exchange values. A proportion of the SSE Group’s profitability will be dependent on the successful management of these exposures. An ineffective trading strategy could lead to significant financial loss, loss of customers and increased political and regulatory scrutiny.

Starting from the beginning of the 2020/2021 financial year, SSE has generally sought to hedge its broad exposure to commodity price variation 12 months in advance of delivery, ensuring that trading positions cannot have a material impact on SSE Group earnings. Energy commodity-related risk itself will be managed within the SSE Group’s business units, with SSE Energy Markets, previously Energy Portfolio Management, becoming an operational and transactional function to ensure business units’ requirements are met.

The markets for the key commodities are driven by global supply and demand, which is itself influenced by a number of complexities including global economic growth, weather associated seasonal fluctuations in demand, supply and generation capabilities, which might not be in line with historical trends and in turn may or may not be associated with climate change, both in the UK and globally, international and national agreements on climate change and generation technological advancement.

Further, global economic growth and geopolitical events such as the conflict in the Middle East and war in Ukraine can have a significant impact on electricity and gas prices in the UK.

Global commodity prices make up a significant part of the energy cost to the customer. Increasing commodity prices affect the overall affordability of energy and can have an impact on demand and customers’ ability to pay.

There is a risk that surplus commodity positions cannot be sold to the wholesale markets profitably and that any commodity short position cannot be covered at a cost that can be passed on to customers.

Significant price fluctuations and/or failure to secure key commodities could have a material adverse effect on the SSE Group's business, financial performance, operations and future development prospects.

### ***Supply Chain***

With current high global demand for renewable and low carbon technologies, combined with rising commodity prices and scarcity of critical raw materials and the imposition of new or additional tariffs, there is a risk of not being able to identify and secure viable, competent and sustainable supply chains to meet the development pipeline, including constraints on shipping and movement of goods. Additionally, the SSE Group must ensure the ethics and quality within the supply chain are not compromised.

With the potential of increased costs and supply capacity constraints impacting project delivery timescales and feasibility this could have a material adverse effect on the SSE Group's business, financial performance, operations and future development prospects.

### ***Energy Affordability***

There is a risk that certain customers might be unable to meet the costs of providing energy or might have more limited access to energy services, which may give rise to negative political or regulatory intervention that could have an impact on the SSE Group's core regulated Networks and Renewables businesses. This risk is directly connected to political interventions and commodity price exposure and was partially mitigated in recent years by a number of Government support schemes. In the UK, this included, for example, the Energy Bill Relief Scheme, the Energy Bill Discount Scheme and the Non-Domestic Alternative Fuel Payment Scheme which operated from late 2022 to early 2024. In the case of the regulated networks the price control mechanism allows network companies to adjust their tariffs in later years to recover, on a net present value neutral basis, shortfalls of allowed annual income in a wide range of circumstances.

Material influencing factors in respect of this risk include macro-economic impacts on household and business incomes, fluctuations in the cost of fuels, supplier and customer failures and related bad debt, and political interventions like renationalisation of any part of the UK's energy infrastructure.

Wholesale markets volatility has increased since the end of February 2026 as a result of the ongoing conflict in the Middle East and it is not yet clear how long the disruption to global energy markets will persist. SSE's Business Energy and Airtricity businesses based in Ireland are not subject to a regulated price cap and therefore variable tariffs are adjusted dynamically and fixed tariff rates are reset for new acquisitions as wholesale costs increase or decrease. Although the businesses are insulated against gas price rises insofar as they are fully hedged, there are external circumstances that would result in hedge adjustments such as weather, supplier failures and economic impacts.

At the date of this Prospectus, even with energy prices having increased since the start of the year, collateral requirements posted by the SSE Group remain broadly in line with normal levels, although there can be no assurance that collateral requirements will not increase further, requiring use of available cash or drawings under committed facilities.

As the SSE Group's customer base is in the UK and Ireland, it will be significantly exposed to the condition of the UK and Irish economies. In particular, factors such as UK or Irish house prices, levels of employment, interest rates and change in customers' income can each have a material impact on the SSE Group and its customer base. Should macro-economic conditions in the UK, Ireland or elsewhere deteriorate (including as a result of epidemics or pandemics or the fear of such crises) or should there be uncertainty and/or volatility in relation to these factors, this could have a material adverse effect on the SSE Group's business, results of operations, financial condition and prospects.

Failure to deliver energy at an affordable price to customers could have a material adverse effect on the SSE Group's business, reputation, financial performance and prospects.

### ***Energy Infrastructure Failure***

The SSE Group's electricity networks, generating plant and gas storage facilities are part of the UK's critical infrastructure assets and as such are central to the functioning of the economy. Additionally, the SSE Group is reliant on a number of key IT systems to support its ongoing operations. A loss of these systems could be caused by severe weather conditions, malicious cyber-attack, software or hardware issues, inadequate investment in maintenance or by poor operational performance. Any failure in these systems could result in lost revenues and may lead to supply interruptions, adverse publicity, regulatory action or damage to the reputation of the SSE Group.

Potential factors that could influence the risk to the SSE Group-owned energy networks and other assets include UK Government (the "**Government**") policy regarding the operation of the energy network which relates to security of supply, longer term changes in climate patterns causing sustained higher temperatures that may result in lower rainfall and reduced wind impacting on SSE renewable generation output, failure to carry out maintenance on network and generation assets and a malicious attack on UK or Irish energy infrastructure.

### ***Speed of Change***

The risk that the SSE Group is unable to keep pace with the speed of change affecting the sector and markets in which it operates and so fails to meet the evolving expectations of its stakeholders or achieve its strategic objectives. The key factors that influence this risk include:

- climate change and net zero strategic goals;
- fast developing customer needs in relation to efficient, innovative and flexible products and services;
- political developments and Government policy, particularly around political sentiment around net zero being increasingly fractured globally;
- technological developments and innovation;
- the size, scale and number of change programmes under way, including those relating to regulatory or legislative requirements in any jurisdiction in which SSE operates;
- stretched supply chain as a result of synchronised increases in global demand or decreases in global supply of key commodities;
- longer term capital investment plans and budgets;
- geopolitical events; and
- governance and decision-making frameworks within the SSE Group.

The SSE Group's strategic focus is to be a leading energy company in a low-carbon world, by creating value for shareholders and society from developing, operating and owning energy and related infrastructure in a sustainable way. The SSE Group operating model reflects the fact that the majority of the SSE Group's operating profit is derived from regulated electricity networks and renewable sources of energy, with the business strategy executed through accountabilities of the Board, Executive, corporate centre, Business Units and supporting governance model. It is vital that the SSE Group successfully delivers on its business strategy to meet the current and future needs of customers in the most efficient way possible. Failure to do so and to identify step changes in the industry sectors and react appropriately could adversely affect the SSE Group's financial position, market position or reputation.

### ***Political and Legal Risk***

The core markets in which the SSE Group operates are subject to a high degree of political and legislative intervention at both domestic and European Union ("EU") level. This legal and compliance framework, which can change explicitly with the introduction of new or revised legislation or implicitly due to evolving interpretation and legal precedent, could adversely impact the SSE Group's market position, financial position or competitiveness despite the SSE Group's appeal rights over legal and policy changes.

The SSE Group has substantial operations in the UK and is therefore exposed to macro-economic conditions in the UK. These conditions may be affected by a variety of domestic and international factors, including the economic impact of the cost of living crisis, the cost of energy, the UK's relationship with the EU and the evolution of the EU itself.

The Scottish Government continues to seek a route to a second independence referendum, however, it is unclear whether such a referendum will ultimately occur, what the outcome might be should it occur, and if a referendum occurred and Scotland voted to leave the UK, what Scotland's future relationship with the rest of the UK and the EU would be. The consequences of any potential future referendum on the SSE Group's businesses are therefore uncertain.

## ***Regulatory Risk***

### *Licensing regime*

The electricity distribution and transmission networks operations, the electricity generation operations and the gas and electricity supply operations of the SSE Group are subject to regulation and licensing requirements overseen by the Office of Gas and Electricity Markets (“**OFGEM**”), which is governed by the Gas and Electricity Markets Authority (the “**Authority**”). In addition, the electricity distribution and transmission networks are subject to direct price regulation by the Authority.

Decisions regarding, for example, the levels of permitted revenues, licence renewals, modifications to the terms and conditions of licences in issue, and constraints on business development opportunities which may be taken by the Authority may all potentially adversely impact the operations and financial position of the SSE Group. Permitted revenues under the price controls are set for specific periods (currently five years) to provide certainty of funding for business planning. In electricity transmission, SSE's current price control runs until March 2031 and in electricity distribution, the price control runs until March 2028.

When setting network price controls, OFGEM must have regard to the need of licence holders to finance their obligations under the licence. However, failure to operate the networks properly could lead to compensation payments or penalties, as could any failure to make capital expenditure in line with agreed programmes that in turn leads to deterioration of the networks, or delay to reaching net zero targets and achieving savings associated with resolving network constraints.

In particular, there can be no assurance that future networks' price controls will permit the generation of sufficient revenues to enable the Issuers to meet its payment obligations under the Notes, and there can also be no assurance that net operating revenues generated by the SSE Group will be sufficient to enable the Issuers to meet such payment obligations.

The electricity generation operations and the gas and electricity supply operations of the SSE Group in Ireland are subject to regulation and licensing requirements overseen by the Commission for Regulation of Utilities and the Utility Regulator for Northern Ireland.

### *Enforcement Framework*

The electricity distribution and transmission networks operations, the electricity generation operations and the gas and electricity supply operations of the SSE Group can be subject to enforcement action from OFGEM or other regulators if they fail to meet their obligations.

OFGEM completed a review of its enforcement policies in 2021/2022 and its enforcement guidelines were subsequently amended in March 2023, OFGEM's settlement process (whereby license holders can settle a case, instead of contesting this) comprises the Enforcement Oversight Board, Settlement Committees and an independent Enforcement Decision Panel to make decisions in contested and settlement enforcement cases on behalf of the Authority. Decisions have been made by these bodies regarding breaches of obligations and Competition Law, the use of the Authority's enforcement powers, whether or not to commence a criminal prosecution and the imposition of penalties or consumer redress packages.

Ofgem's primary objective via its enforcement framework is a culture where businesses act in line with their licence conditions and associated obligations through ensuring that any financial benefits of non-compliance are outweighed by the financial penalties issued and reputational damage imposed through enforcement action. Where compliance breaches have occurred, Ofgem would deliver credible deterrence for companies with visible and meaningful consequences where they do not comply.

However, Ofgem has also acknowledged the value of companies adopting a self-reporting approach, coupled with swift action to put things right, which can and has often resulted in Ofgem seeking to resolve the matter via alternative action rather than opening an enforcement investigation. Ofgem can also require companies to make a redress payment to charity in lieu of, or in addition to, a traditional penalty payment. In practice this is agreed through negotiated settlement, although the Authority has powers to, where it is appropriate, make a customer redress order should redress not be agreed in enforcement cases. In 2025 Ofgem imposed £35.8 million of fines and redress payments from licensees.<sup>1</sup> In April 2022 the allocation of redress guidance document was updated, and Ofgem confirmed that the Energy Saving Trust was re-appointed as the Independent Service Provider to manage and allocate the voluntary redress funds. The Energy Saving Trust has managed this since 2018, and is expected to be subject to a re-appointment process during 2026.

Any failure by any holder of a licence within the SSE Group to comply with the terms of its licence or other legal and regulatory obligations may lead to the taking of an enforcement action that could have a material adverse impact on each Issuer and/or the SSE Group's reputation and financial position as well as the increased risk of regulatory scrutiny by Ofgem or other regulators.

For example, within the last 5 years, different licence holders within the SSE Group have been investigated by Ofgem under its compliance and enforcement procedures. This includes:

- in October 2021, Ofgem opened an investigation into SSE's compliance with the Transmission Constraint Licence Condition in relation to Foyers pumped storage power station, which is located in Northern Scotland. Following a detailed investigation, on 25 July 2023 Ofgem decided to impose a financial penalty on SSE Generation Limited, requiring it to pay £9.78 million in relation to a breach of its Generation Licence;
- in November 2023, several companies agreed to pay into Ofgem's voluntary redress fund in respect of not meeting the UK Government's smart metering installation targets for 2022. SSE Energy Supply Limited was required to pay £252,000, with a further £10.5 million paid by other suppliers<sup>2</sup>;
- in May 2024, Ofgem closed its investigation into Southern Electric Power Distribution plc ("SEPD") in respect of licence conditions relating to the priority service register, treating customers fairly and availability of resources. SEPD agreed to make improvements to its vulnerable customers processes and made voluntary donations of £150,000 to local charities; and
- in May 2024, Beatrice Offshore Wind Farm ("BOWL"), a joint venture in which SSE has a 40 per cent. share, accepted that it breached the Transmission Constraint Licence Condition. As an alternative to Ofgem opening a formal enforcement investigation into the matter, BOWL made immediate changes to its bid pricing policy and agreed to make a payment of £33.14 million into the relevant redress fund.

## **Environmental, social and governance risks**

### ***Safety and Environmental risks***

Although safety is one of the SSE Group's core values, by the nature of its operations, the SSE Group faces a number of significant safety risks, in particular relating to process safety. A major incident at one of SSE's hydro, wind farm,

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<sup>1</sup> <https://www.ofgem.gov.uk/energy-policy-and-regulation/compliance-and-enforcement>

<sup>2</sup> <https://www.ofgem.gov.uk/press-release/energy-suppliers-pay-total-ps108-million-not-meeting-smart-meter-installation-targets-2022>

solar, battery, thermal or gas storage assets could have a material adverse impact on the SSE Group's employees, contractors, reputation and financial position, and on members of the public, the environment and property.

The SSE Group works in some challenging geographic locations and has crisis management and business continuity plans in place, which are designed for the management of, and recovery from, significant safety or environmental events. This includes regular engagement across all aspects of the operation, with an emphasis on safety and technical assurance audits and verification using both internal and third party resources.

Failure to implement and maintain effective safety and environmental management and governance could result in harm to people and the natural environment, with potential for significant financial costs, contamination to the environment, reputational damage and disruption of service to the SSE Group's customers. It can also lead to claims for employee and third-party compensation; fines or other sanctions for breaches of statutory requirements; criminal sanctions initiated against the SSE Group, its directors and employees; and/or increased employee absence and reduced performance levels.

### ***Climate Change***

There is a risk that the SSE Group's strategy, investments or operations are misaligned to national and international decarbonisation pathways and are insufficiently resilient to a climate-changed world. The SSE Group's businesses are increasingly influenced by global climate change. Not adhering to current or future EU and UK legislation and policies aimed at addressing climate change, or the increasing fractured political sentiment around net zero, could adversely impact the SSE Group's operations or commercial position. Climate change induced changes to the environment, such as increased frequency of extreme weather, may pose operational challenges. Failure to respond adequately to the risks posed by climate change may represent added reputational risk.

The SSE Group's activities are subject to a broad range of environmental laws and regulations, many of which require advance approval in the form of permits, licences or other forms of formal authorisation. Failure to secure and adhere to the terms of all such necessary requirements, or indeed damage to the environment caused by the SSE Group's business activities, could result in legal proceedings or other measures being taken against members of the SSE Group.

Changes in temperature can affect demand for power and gas and consequently impact the price of these commodities and the number of units distributed. Additionally, rainfall and/or snow melt conditions impact on hydroelectric generation output, and wind conditions impact on wind generation output. Also, the interconnected nature of international commodity markets and energy systems, particularly between Ireland, the UK and the rest of Europe adds complexity to the impact of weather on energy prices and the SSE Group's earnings. Extreme weather conditions may also result in network damage, which in turn is likely to result in disruption to electricity supply.

All of the above have the potential to adversely affect the SSE Group's earnings, whilst supply interruptions could result in adverse publicity, negative customer perception and possible regulatory action.

### ***People and Culture***

The SSE Group is reliant on the employment of an appropriately skilled, diverse and responsible workforce and leadership team, and maintaining a healthy business culture which encourages and supports ethical behaviour and decision-making.

The SSE Group has undertaken an operating model and efficiency review to ensure that SSE has the right structures, resourcing and accountabilities. Reviews are ongoing to understand if the onboarding of new recruits is consistent and not negatively affecting SSE Group's culture. Ongoing technology changes, such as the introduction of artificial intelligence, may have an impact on ways of working. International expansion is continuing, requiring the integration of overseas employees with the SSE workforce and culture.

While the SSE Group undertakes a number of activities to ensure that it attracts and retains the right level of staff, failure to attract or retain staff that support SSE Group's culture and who have the appropriate technical skills or leadership skills to maintain and manage the various operational assets, projects under construction and future

development opportunities of the SSE Group could adversely affect the SSE Group's operations and financial performance.

### ***Cyber Security and Resilience***

The SSE Group is at risk that key infrastructure, networks or core systems are compromised or are otherwise rendered unavailable, due to software or hardware issues, including telecoms network and connectivity and power supplies, malicious cyber-attack, breach of information security rules, poor management of resilience expertise, employee and contractor understanding and awareness of information security requirements.

Due to advances in the sophistication and prevalence of cyber-attacks and fast-paced technological advancements, computing capabilities and other developments, there can be no certainty that the SSE Group's security measures will be sufficient to prevent breaches. Breaches could result in legal liability, negative publicity and/or regulatory action against the SSE Group, any of which could have a material adverse effect on its business, financial performance, results of operations and prospects.

### **Risks relating to the relevant Issuer's financial position**

#### ***Financial and Pension Fund Risks***

The SSE Group is exposed to a variety of financial risks, including interest rate, foreign exchange, counterparty credit, liquidity and taxation. Although these risks are, wherever possible, monitored, reported on and managed within a strict framework of controls and procedures, adverse market, political or legislative developments or a failure to meet the SSE Group funding requirements and obligations could have a material adverse effect on the SSE Group's financial position.

The SSE Group has obligations in respect of two defined benefit pension schemes (the Scottish Hydro-Electric Pension Scheme (the "SHEPS") and the Southern Electric Pension Scheme (the "SEPS"), together the "Pension Schemes"). In the year to 31 March 2026, the Group's pension surplus decreased by £42.0 million, from £501.8 million to £459.8 million, primarily due to actuarial loss of £80.7 million offset by the contributions to the schemes.

The valuation of the SEPS scheme decreased by £52.6 million in the financial year to 31 March 2026, primarily due to an actuarial loss of £78.6 million offset by contributions to the scheme of £25.6 million. The SHEPS scheme has partially insured against volatility in its deferred and pensioner members through the purchase of 'buy-in' contracts, meaning that the SSE Group only retains exposure to volatility in active employees. During the financial year to 31 March 2026 the SHEPS scheme's surplus increased by £10.6 million, driven by actuarial gains relating to actuarial assumptions, offset by losses on plan assets.

Any adverse changes in the SSE Group's pension fund position may result in the SSE Group being required to make increased ongoing contributions and / or make deficit repair repayments which may, if material, adversely affect the SSE Group's financial performance.

#### ***Large Capital Projects and Joint Venture Partnership Management***

The SSE Group continues to deliver its capital investment programme, with a number of major construction and IT projects in development. It is critical that these projects are delivered on time and on budget, supported by its Large Capital Projects Governance Framework. In addition, the SSE Group needs to ensure that projects are built to a high-quality standard as they generally have an economic life of typically between 25 and 60 years according to forecasted timescales and budgets.

The SSE Group will typically manage the development process and organise the delivery of the project by third party contractors, taking a proactive oversight role during the construction phase. Whilst this model ensures that the correct skills are leveraged, the SSE Group is exposed to availability and capacity of competent contractors in any jurisdiction that the SSE Group operates and also the use of new and unproven technology. Whilst contractual warranties will cover the faulty components, there is often a significant unrecoverable cost associated with any potential delay during construction for replacements to be supplied, in addition to potential impacts to the service the SSE Group can provide to customers. Added to this, any quality defects may not show up until sometime after the

construction of an asset, resulting in an expensive and disruptive process of recovery. The SSE Group is also exposed to inflationary pressures on project costs and unpredictable planning and consenting decisions causing delays and cost implications.

Increasingly a number of major projects are being constructed as part of a joint venture (operated and non-operated) both in the UK and Ireland and potentially in the future in other carefully selected geographic locations. There is potential for negative impacts from all aspects of supply chain management, including those relating to human rights, modern slavery and labour standards as well as supply chain impacts associated with new entities, new assets and a new network structure created by joint ventures.

Any delay, unrecoverable costs, quality defects and/or inflationary pressures in relation to such projects or mismanagement of joint ventures could adversely affect the SSE Group's financial position, market position or reputation.

## **Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme**

### *Risks related to the structure of a particular issue of Notes*

#### *Senior Notes*

##### *Notes subject to optional redemption by an Issuer*

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Senior Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Senior Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Senior Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

With respect to the Clean-Up Call Option by the Issuer (Condition 6(h) of the Terms and Conditions of the Senior Notes), there is no obligation on the Issuer to inform investors if and when the relevant threshold of the initial aggregate principal amount of a particular Series of Senior Notes has been reached or is about to be reached, and the Issuer's right to redeem will exist notwithstanding that immediately prior to the serving of a notice in respect of the exercise of the Clean-Up Call Option, the Senior Notes may have been trading significantly above par, thus potentially resulting in a loss of capital invested.

##### *The Issuer may withdraw an offer if the Notes are not listed on the Market on or about the Issue Date of the relevant Tranche*

Where an offer of Senior Notes is made in reliance on the exemption from the prohibition on offers to the public in paragraph 6(a) of Part 1 of Schedule 1 of the POATRs, the applicable Final Terms will indicate the offer is conditional on the Notes being admitted to trading on the Market. The offer of such Notes may be withdrawn by the relevant Issuer without liability to that Issuer, any relevant Dealer or any investor if the Notes are not admitted to the Market on or about the Issue Date of the relevant Tranche.

##### *RPI Linked Notes*

The relevant Issuer may issue Senior Notes with principal or interest determined by reference to the UK General Index of Retail Prices (for all items) as published by the Office for National Statistics (the "RPI"). Potential investors should be aware that: (i) the market price of such Notes may be volatile; (ii) they may receive no interest; (iii) the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero; (iv) the

RPI may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices; and (v) the timing of changes in the RPI may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the RPI, the greater the effect on yield. The historical experience of the RPI should not be viewed as an indication of the future performance during the term of any RPI Linked Notes. Accordingly, prospective investors should consult their own financial and legal advisers about the risks entailed by an investment in any RPI Linked Notes and the suitability of such Notes in light of their particular circumstances.

#### *Fixed/Floating Rate Notes*

Fixed/Floating Rate Notes may bear interest at a rate that the relevant Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The relevant Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the relevant Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the relevant Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the relevant Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Senior Notes.

#### *The regulation and reform of "benchmarks" may adversely affect the value of Senior Notes linked to or referencing such "benchmarks"*

Reference rates and indices, including interest rate benchmarks, such as EURIBOR, which are used to determine the amounts payable under financial instruments or the value of such financial instruments, have, in recent years, been the subject of political and regulatory scrutiny as to how they are created and operated. This has resulted in regulatory reform and changes to existing "benchmarks". These reforms and changes may cause a "benchmark" to perform differently than it has done in the past or to be discontinued. Any change in the performance of a "benchmark" or its discontinuation, could have a material adverse effect on any Senior Notes referencing or linked to such "benchmark". Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 (the "**EU Benchmarks Regulation**") was published in the Official Journal of the EU on 29 June 2016 and applied from 1 January 2018. The EU Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. It will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU supervised entities of "benchmarks" of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). Regulation (EU) 2016/1011 as it forms part of domestic law of the UK by virtue of the EUWA (the "**UK Benchmarks Regulation**"), among other things, applies to the provision of benchmarks and the use of a benchmark in the UK. It prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the UK FCA or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could have a material impact on any Notes linked to or referencing a "benchmark", in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the requirements of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the "benchmark".

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of "benchmarks", could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements. Such factors may have the following effects on certain "benchmarks": (i) discourage market participants from continuing to administer or contribute to the "benchmark"; (ii) trigger changes in the rules or methodologies used in the "benchmark" or (iii) lead to the disappearance of the "benchmark". Any of the above changes or any other consequential changes as a result of

international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to or referencing a “benchmark”.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmarks Regulation and/or the UK Benchmarks Regulation reforms in making any investment decision with respect to any Notes linked to or referencing a “benchmark”.

*Future changes or uncertainty with respect to EURIBOR and/or other relevant benchmarks may adversely affect the value of Floating Rate Notes which reference EURIBOR and/or other relevant benchmarks.*

Investors should be aware that, if EURIBOR or any other benchmark were discontinued or otherwise unavailable, the rate of interest on Floating Rate Notes which reference EURIBOR or such other benchmark will be determined for the relevant period by the fall back provisions applicable to such Notes.

The Terms and Conditions of the Senior Notes set out in this Prospectus provide for certain fallback arrangements for Floating Rate Notes in the event that a published benchmark, including an inter-bank offered rate such as EURIBOR, (including any page on which such benchmark may be published (or any successor service)) becomes unavailable or a Benchmark Event otherwise occurs as further set out below under *Floating Rate Notes – Benchmark Discontinuation*. Any such consequences could have a material adverse effect on the trading market for, liquidity of, value of and return on any such Floating Rate Notes. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the Issuer to meet its obligations under the Floating Rate Notes or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Floating Rate Notes. Investors should consider these matters when making their investment decision with respect to the relevant Floating Rate Notes.

*The market may continue to develop in relation to risk-free rates (including SONIA) as reference rates for floating rate Notes.*

#### ***Nascent risk-free rates and market***

Investors should be aware that the market may continue to develop in relation to SONIA as a reference rate in the capital markets for sterling bonds and its adoption as an alternative to the London Interbank Offered Rate.

SONIA has a limited performance history and the future performance of this risk-free rate is impossible to predict. As a consequence, no future performance of this risk-free rate or Notes referencing this risk-free rate may be inferred from any of the hypothetical or actual historical performance data. In addition, investors should be aware that this risk-free rate may behave materially differently to interbank offered rates as interest reference rates.

#### ***Calculation of Interest***

Interest is calculated on the basis of the compounded risk-free rate. For this and other reasons, the interest rate on the notes during any Interest Accrual Period will not be the same as the interest rate on other investments linked to the risk-free rate that use an alternative basis to determine the applicable interest rate.

In addition, market conventions for calculating the interest rate for bonds referencing risk-free rates continue to develop and market participants and relevant working groups are exploring alternative reference rates based on risk-free rates. For example, on 3 August 2020, the Bank of England, as the administrator of SONIA, began publishing the SONIA Compounded Index. Accordingly, the specific formula for calculating the rate used in the Senior Notes issued under this Prospectus may not be widely adopted by other market participants, if at all. The Issuer may in the future also issue Senior Notes referencing risk-free rates that differ materially in terms of interest determination when compared with any previous Senior Notes referencing risk-free rate rates issued by it. If the market adopts a different calculation method, that could adversely affect the market value of Senior Notes issued pursuant to this Prospectus.

Interest on Senior Notes which reference a risk-free rate is only capable of being determined immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Senior Notes which reference risk-free rates to reliably estimate the amount of interest which will be payable on such Senior Notes. Furthermore, if the Senior

Notes become due and payable under Condition 11 of the Terms and Conditions of the Senior Notes, or are otherwise redeemed early on a date which is not an Interest Payment Date, the Rate of Interest payable shall be determined on the date the Senior Notes became due and payable and shall not be reset thereafter.

Risk-free rates are published and calculated by third parties based on data received from other sources and the Issuer has no control over their respective determinations, calculations or publications. There can be no guarantee that SONIA or the SONIA Compounded Index will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in Senior Notes linked to or which reference this risk-free rate (or that any applicable benchmark fallback provisions provided for in the Terms and Conditions of the Senior Notes will provide a rate which is economically equivalent for Noteholders). The Bank of England does not have an obligation to consider the interests of Noteholders in calculating, adjusting, converting, revising or discontinuing SONIA or the SONIA Compounded Index. If the manner in which this risk-free rate is calculated is changed, that change may result in a reduction of the amount of interest payable on such Senior Notes and the trading prices of such Senior Notes.

### ***Market Adoption***

The market or a significant part thereof may adopt an application of risk-free rates that differs significantly from that set out in the Terms and Conditions of the Senior Notes and used in relation to Senior Notes that reference a risk-free rate issued under this Prospectus. Investors should carefully consider how any mismatch between the adoption of such reference rates in the bond, loan and derivatives markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of any Senior Notes. SONIA (and other risk-free rates) differ from inter-bank offered rates such as EURIBOR for example in a number of material respects, including that SONIA (and other risk-free rates) are backwards-looking, compounded, risk-free overnight rates, whereas inter-bank offered rates such as EURIBOR are expressed on the basis of a forward-looking term and include a risk-element based on inter-bank lending. As such, investors should be aware that risk-free rates and inter-bank offered rates may behave materially differently as interest reference rates across the Issuers' various financing arrangements leading to differing interest calculations.

### ***Floating Rate Notes – Benchmark Discontinuation***

#### ***Temporary unavailability of the Relevant Screen Page***

Where Screen Rate Determination is specified as the manner in which the Rate of Interest (as defined in Condition 5(i) of the Terms and Conditions of the Senior Notes) in respect of Floating Rate Notes is to be determined, the Terms and Conditions of the Senior Notes provide that the Rate of Interest shall be determined by reference to the Relevant Screen Page (as defined in Condition 5(j) of the Terms and Conditions of the Senior Notes).

#### ***EURIBOR***

For Floating Rate Notes referencing EURIBOR, if the Relevant Screen Page is not available or there is an insufficient number of quotations appearing on the Relevant Screen Page, the Calculation Agent shall request quotations from Reference Banks. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent. If fewer than two Reference Banks provide the Calculation Agent with quotations, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) communicated to the Calculation Agent by Reference Banks being offered in the specified currency, or if fewer than two Reference Banks provide quotations, such rates offered by other banks (which bank or banks is or are in the opinion of the Trustee and the Issuer suitable for such purpose). If the Rate of Interest cannot be determined in this way, the Rate of Interest shall be that calculated as at the last preceding Interest Determination Date.

#### ***SONIA***

For Floating Rate Notes referencing SONIA, if the SONIA reference rate is not available on the Relevant Screen Page or Relevant Fallback Screen Page as applicable, such Reference Rate shall be the Bank of England's Bank Rate adjusted with a spread to the SONIA reference rate. If the Bank of England's Bank Rate is not available, the Reference

Rate shall be the SONIA reference rate published on the Relevant Screen Page for the first preceding London Business Day on which the SONIA reference rate was published on the Relevant Screen Page. If the Rate of Interest cannot be determined in this way, the Rate of Interest shall be that determined as at the last preceding Interest Determination Date or if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Notes for the first Interest Accrual Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Accrual Period but ending on (and excluding) the Interest Commencement Date.

Uncertainty as to the availability of the Relevant Screen Page, the availability of the Bank of England's Bank Rate, the availability of quotes from reference banks, and the rate that would be applicable if reference banks were not offering quotations may adversely affect the value of, and return on, the Floating Rate Notes.

*Notes issued at a substantial discount or premium*

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

*In respect of any Notes issued with a specific use of proceeds, such as a Green Bond, there can be no assurance that such use of proceeds will be suitable for the specific investment criteria of an investor*

The Final Terms relating to any specific Tranche of Notes may provide that it will be the Issuer's intention to apply an amount equal to the net proceeds of the issue of those Notes to Eligible Green Projects (as defined in "Use of Proceeds" and further described in SSE's Sustainability Financing Framework (as amended and supplemented from time to time) (the "**Sustainability Financing Framework**")). The Dealers are not responsible for assessing or verifying whether or not the specified Eligible Green Projects meet the prescribed eligibility criteria or for the monitoring of the use of proceeds. Prospective investors should have regard to the information set out in the applicable Final Terms regarding such use of proceeds and must determine for themselves the relevance of such information for the purpose of any investment in such Notes together with any other investigation such investor deems necessary. In particular, no assurance or representation is given by SSE or any Dealer that the use of such proceeds for any Eligible Green Projects will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any Eligible Green Projects. Furthermore, it should be noted that there is currently no clearly defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes or may be classified as, a "green" or "sustainable" or an equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as "green" or "sustainable" or such other equivalent label nor can any assurance be given that such a clear definition, label or consensus will develop over time. Different organisations may develop definitions or labels that are different from, and may be incompatible with, those set by other organisations. Accordingly, no assurance is or can be given to investors that any projects or uses the subject of, or related to, any Eligible Green Projects will meet any or all investor expectations regarding such "green", "sustainable" or other equivalently-labelled performance objectives or that any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any Eligible Green Projects.

A basis for the determination of the definitions of "green" or "sustainable" has been established in the EU with the publication in the Official Journal of the EU on 22 June 2020 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 (the "**EU Sustainable Finance Taxonomy**") and the EU adopted regulation on voluntary European green bond standard (the "**EU Green Bond Regulation**").

The EU Sustainable Finance Taxonomy entered into force on 12 July 2020. The EU Sustainable Finance Taxonomy is subject to further development by way of the implementation by the European Commission through delegated

regulations of technical screening criteria for the environmental objectives set out in the EU Sustainable Finance Taxonomy. On 4 June 2021, the European Commission formally adopted the first delegated act (the "**EU Taxonomy Climate Delegated Act**") aimed at supporting sustainable investment by making it clearer which economic activities most contribute to meeting the EU's environmental objectives. The EU Taxonomy Climate Delegated Act sets out criteria for economic activities in the sectors that are most relevant for achieving climate neutrality and delivering on climate change adaptation. This includes sectors such as energy, forestry, manufacturing, transport and buildings. Criteria for other environmental objectives will follow in a later delegated act, in line with the mandates in the EU Sustainable Finance Taxonomy. Until the technical screening criteria for such objectives have been developed, it is not known whether any specified Eligible Green Projects will satisfy those criteria. Accordingly, alignment with the EU Sustainable Finance Taxonomy, once the technical screening criteria are established, is not certain.

The EU Green Bond Regulation applied from 21 December 2024. The EU Green Bond Regulation introduces a voluntary label (the "**European Green Bond Standard**") for issuers of green use of proceeds bonds (such as Green Bonds) where the proceeds will be invested in economic activities aligned with the EU Sustainable Finance Taxonomy. Any Green Bonds issued under this programme will not be aligned with such European Green Bond Standard and are intended to comply with the criteria and processes set out in the Issuer's Sustainability Financing Framework only. It is not clear at this stage the impact which the European Green Bond Standard may have on investor demand for, and pricing of, green use of proceeds bonds (such as the Green Bonds) that do not meet such standard. It could reduce demand and liquidity for the Green Bonds and their price.

No assurance or representation by the Issuers, the Dealers or any other person is given as to the suitability or reliability for any purpose whatsoever of any opinion, report or certification of any third party (whether or not solicited by SSE and whether or not made available pre- or post-issuance) which may be made available in connection with the issue of any Notes and, in particular, with any Eligible Green Projects to fulfil any environmental, sustainability, social and/or other criteria. For the avoidance of doubt, any such opinion, report or certification is not, nor shall be deemed to be, incorporated in and/or form part of this Prospectus. Any such opinion, report or certification is not, nor should be deemed to be, a recommendation by SSE or any other person to buy, sell or hold any such Notes. Any such opinion, report or certification is only current as of the date that opinion was initially issued. Prospective investors must determine for themselves the relevance of any such opinion, report or certification and/or the information contained therein and/or the provider of such opinion, report or certification for the purpose of any investment in such Notes. Currently, the providers of such opinions, reports and certifications are not subject to any specific regulatory or other regime or oversight.

In the event that any such Notes are listed or admitted to trading on any dedicated "green", "environmental", "sustainable" or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), or are included in any dedicated "green", "environmental", "sustainable" or other equivalently-labelled index or indices, no representation or assurance is given by SSE, the Dealers or any other person that such listing or admission, or inclusion in such index or indices, satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any Eligible Green Projects. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another and also the criteria for inclusion in such index or indices may vary from one index to another. Nor is any representation or assurance given or made by SSE, the Dealers or any other person that any such listing or admission to trading, or inclusion in any such index or indices, will be obtained in respect of any such Notes or, if obtained, that any such listing or admission to trading, or inclusion in such index or indices, will be maintained during the life of the Notes.

While it is the intention of SSE to apply the proceeds of any Notes so specified for Eligible Green Projects in, or substantially in, the manner described in the applicable Final Terms, there can be no assurance that the relevant project(s) or use(s) the subject of, or related to, any Eligible Green Projects will be capable of being implemented in

or substantially in such manner and/or accordance with any timing schedule and that accordingly such proceeds will be totally or partially disbursed for such Eligible Green Projects. Nor is any Dealer responsible for (i) any assessment of the Green Bonds, or (ii) the monitoring of the use of proceeds. Investors should refer to SSE's website and its Sustainability Financing Framework for further information. Nor can there be any assurance given by SSE, the Dealers or any other person that such Eligible Green Projects will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by SSE. Any such event or failure by SSE will not constitute an Event of Default under the Notes.

Any such event or failure to apply the proceeds of any issue of Notes for any Eligible Green Projects as aforesaid and/or withdrawal of any such opinion, report or certification or any such opinion, report or certification attesting that SSE is not complying in whole or in part with any matters for which such opinion, report or certification is opining or certifying on and/or any such Notes no longer being listed or admitted to trading on any stock exchange or securities market or inclusion in such index or indices as aforesaid may have a material adverse effect on the value of such Notes and also potentially the value of any other Notes which are intended to finance or refinance Eligible Green Projects and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

### ***Subordinated Notes***

#### *Notes subject to optional redemption by an Issuer*

An optional redemption feature is likely to limit the market value of Notes. During any period when SSE may elect to redeem Subordinated Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period.

SSE may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Subordinated Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Subordinated Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

With respect to the Clean-Up Call Option by SSE (Condition 7(f) of the Terms and Conditions of the Subordinated Notes), there is no obligation on SSE to inform investors if and when the relevant threshold of the initial aggregate principal amount of a particular Series of Subordinated Notes has been reached or is about to be reached, and SSE's right to redeem will exist notwithstanding that immediately prior to the serving of a notice in respect of the exercise of the Clean-Up Call Option, the Subordinated Notes may have been trading significantly above par, thus potentially resulting in a loss of capital invested.

#### *Notes subject to optional redemption by SSE upon the occurrence of a Special Event*

In respect of the Subordinated Notes, upon the occurrence of a Tax Deductibility Event, a Withholding Tax Event, a Capital Event, an Accounting Event, a Clean-Up Call Event or a Change of Control Event (each as defined in the Terms and Conditions of the Subordinated Notes and as more fully described in Condition 7 of the Terms and Conditions of the Subordinated Notes), SSE shall have the option to redeem, in whole but not in part, the Subordinated Notes at an early redemption amount set out in the applicable Final Terms, in each case together with any accrued and unpaid interest up to (but excluding) the redemption date and any outstanding Arrears of Interest. In the case of a Change of Control Event, in the event that SSE does not elect to redeem the Subordinated Notes, (subject to Condition 6 of the Terms and Conditions of the Subordinated Notes) the then prevailing Rate of Interest (as defined in the Conditions), and each subsequent Rate of Interest otherwise determined in accordance with Condition 5 of the Terms and Conditions of the Subordinated Notes, on the Subordinated Notes shall be increased by the Change of Control Step-Up Margin specified in the applicable Final Terms with effect from (and including) the date on which the Change of Control Event occurred. Without prejudice to SSE's right to redeem the Subordinated Notes in accordance with Condition 7(g) of the Terms and Conditions of the Subordinated Notes, following the occurrence of a Change of Control Event, the Change of Control Step-Up Margin shall only apply in relation to the first Change of Control Event to occur while any of the Subordinated Notes remain outstanding.

The redemption of the Subordinated Notes by SSE or the perception that SSE will exercise its optional redemption right might negatively affect the market value of the Subordinated Notes. During any period when SSE may elect to redeem the Subordinated Notes, the market value of the Subordinated Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

Furthermore, if an Accounting Event, a Capital Event, a Tax Deductibility Event or a Withholding Tax Event occurs and is continuing, then, subject to the provisions of Conditions 8 and 9 of the Terms and Conditions of the Subordinated Notes, SSE may at any time, instead of giving notice to redeem the Subordinated Notes, substitute all, but not some only, of the Subordinated Notes for, or vary the terms of the Subordinated Notes with the effect that they remain or become (as the case may be), Qualifying Notes. Whilst Qualifying Notes are required to have terms not otherwise materially less favourable to Noteholders than the terms of the Subordinated Notes (as reasonably determined by SSE), there can be no assurance that the substitution or variation of the Subordinated Notes will not have a significant adverse impact on the price of, and/or market for, the Subordinated Notes or the circumstances of relevant individual Noteholders. For example, it is possible that the Qualifying Notes will contain conditions that are contrary to the investment criteria of certain investors and the tax and stamp duty consequences of holding the Qualifying Notes could be different for some categories of Noteholders from the tax and stamp duty consequences for them of holding the Subordinated Notes prior to such substitution or variation.

*The interest rate on the Subordinated Notes will reset on the First Reset Date and on every relevant Subsequent Reset Date thereafter, which can be expected to affect the interest payable on the Subordinated Notes and the market value of such Subordinated Notes*

Although the Subordinated Notes will earn interest at a fixed rate until (but excluding) the First Reset Date at the Initial Rate of Interest (as defined in the Terms and Conditions of the Subordinated Notes), the current market interest rate on the capital markets (the “**market interest rate**”) typically changes on a daily basis. Since the initial fixed rate of interest for the Subordinated Notes will be reset on the First Reset Date (as set out in the Terms and Conditions of the Subordinated Notes) and on each Subsequent Reset Date, the interest payable on the Subordinated Notes will also change and could be less than the Initial Rate of Interest. If the market interest rate increases, the price of a fixed interest rate security typically falls, until the yield of such security is approximately equal to the market interest rate. If the market interest rate falls, the price of a fixed interest rate security typically increases, until the yield of such security is approximately equal to the market interest rate. Noteholders should be aware that movements in these market interest rates can adversely affect the price of the Subordinated Notes and can lead to losses for the Noteholders if they sell the Subordinated Notes.

Noteholders are exposed to the risk of fluctuating interest rate levels and uncertain interest income as the reset rates could affect the market value of an investment in the Subordinated Notes.

*The Noteholders of the Subordinated Notes are exposed to risks relating to the reset of interest rates linked to either the Mid-Swap Rate or Benchmark Gilt Rate*

For the First Reset Period (as defined in the Terms and Conditions of the Subordinated Notes), the Subordinated Notes bear interest at a rate which will be determined on the relevant Reset Determination Date as the sum of the relevant Reset Rate plus the First Margin. For each Subsequent Reset Period thereafter the Subordinated Notes will bear interest at the relevant Subsequent Reset Rate of Interest which will be determined on the relevant Reset Determination Date as the sum of the relevant Reset Rate plus the relevant Subsequent Margin. The Reset Rate that the Subordinated Notes are reset over will be either the Mid-Swap Rate or the Benchmark Gilt Rate (as specified in the applicable Final Terms). Potential investors should be aware that the performance of the Mid-Swap Rate or the Benchmark Gilt Rate and therefore the interest income on the Subordinated Notes cannot be anticipated.

Due to varying interest income, potential investors are not able to determine a definite yield of the Subordinated Notes at the time they purchase them, therefore their return on investment cannot be compared with that of investments having longer fixed interest periods. In addition, after Interest Payment Dates, Noteholders are exposed to the reinvestment risk if market interest rates decline. That is, Noteholders may reinvest the interest income paid to them only at the relevant lower interest rates then prevailing.

Potential investors in the Subordinated Notes should bear in mind that neither the current nor the historical level of the Mid-Swap Rate or the Benchmark Gilt Rate is an indication of the future development of such Mid-Swap Rate or the Benchmark Gilt Rate during the term of the Subordinated Notes.

Furthermore, during each Reset Period, it cannot be ruled out that the price of the Subordinated Notes may fall as a result of changes in the market interest rate, as the market interest rate fluctuates. During each of these periods, the Noteholders are exposed to the risks as described under “– *The interest rate on the Subordinated Notes will reset on the First Reset Date and on every relevant Subsequent Reset Date thereafter, which can be expected to affect the interest payable on the Subordinated Notes and the market value of such Subordinated Notes*”.

*In respect of Subordinated Notes, SSE has the right to defer interest payments*

SSE may, at its discretion, elect to defer all or part of any payment of interest on the Subordinated Notes. See “*Terms and Conditions of the Subordinated Notes—Optional Interest Deferral*”. While the deferral of payment of interest continues, SSE is not prohibited from making payments on any instrument ranking senior to the Subordinated Notes or on certain instruments ranking junior to or *pari passu* with the Subordinated Notes and, in such event, the Noteholders are not entitled to claim immediate payment of interest so deferred. Only upon the occurrence of a Compulsory Arrears of Interest Settlement Event or upon SSE making payment of interest on the Subordinated Notes on a scheduled Interest Payment Date following the Interest Payment Date on which a Deferred Interest Payment first arose or the date of which the Subordinated Notes are redeemed or repaid in accordance with Conditions 4, 7 or 13 of the Terms and Conditions of the Subordinated Notes, will SSE be obliged to pay any such Arrears of Interest to Noteholders.

Any such deferral of interest payment shall not constitute a default or any other breach by SSE of its obligations under the Subordinated Notes for any purpose unless such payment is required in accordance with Condition 6(b) of the Subordinated Notes.

Any deferral of interest payments or any perceived increase in the likelihood thereof is likely to have an adverse effect on the market price of the Subordinated Notes. In addition, as a result of the interest deferral provision of the Subordinated Notes, the market price of the Subordinated Notes may be more volatile than the market prices of other debt securities on which original issue discount or interest accrues that are not subject to such deferrals and may be more sensitive generally to adverse changes in SSE’s financial condition.

The Subordinated Notes may not be redeemed unless and until all outstanding Arrears of Interest in respect of such Subordinated Notes are satisfied in full, on or prior to the date set for the relevant redemption.

*SSE’s obligations under the Subordinated Notes are subordinated*

SSE’s obligations under the Subordinated Notes will be unsecured and subordinated. In the event that an order is made, or an effective resolution is passed, for the winding-up of SSE (otherwise than for the purposes of a solvent winding-up solely for the purposes of a reorganisation, reconstruction, amalgamation or the substitution in place of SSE of a “successor in business” (as defined in the Trust Deed) of SSE, the terms of which reorganisation, reconstruction, amalgamation or substitution (x) have previously been approved in writing by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) and (y) do not provide that the Subordinated Notes shall thereby become redeemable or repayable in accordance with the Terms and Conditions of the Subordinated Notes) or an administrator of SSE has been appointed and such administrator gives notice that it intends to declare and distribute a dividend, the claims of the Noteholders will rank (i) junior to the claims of holders of all Senior Obligations (except as otherwise provided by mandatory provisions of law), (ii) *pari passu* with the claims of holders of all Parity Obligations and (iii) in priority to the claims of holders of the ordinary share capital of SSE. See “*Terms and Conditions of the Subordinated Notes— Status*” and “*Terms and Conditions of the Subordinated Notes— Subordination*”.

By virtue of such subordination, payments to a Noteholder will, in the events described in the Terms and Conditions of the Subordinated Notes, only be made after all obligations of SSE resulting from higher ranking claims have been

satisfied. A Noteholder may, therefore, recover less than the holders of unsubordinated or other prior ranking subordinated liabilities of SSE. Furthermore, the Terms and Conditions of the Subordinated Notes will not limit the amount of the liabilities ranking senior to, or *pari passu* with, the Subordinated Notes which may be incurred or assumed by SSE from time to time, whether before or after the Issue Date as specified hereon. The incurrence of any such other liabilities may reduce the amount (if any) recoverable by Noteholders on a winding-up or administration of SSE and/or may increase the likelihood of a deferral of interest payments under the Subordinated Notes. Subject to applicable law, no Noteholder or Couponholder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by SSE in respect of, or arising under or in connection with, the Subordinated Notes or the Coupons and each Noteholder and Couponholder shall, by virtue of their holding of any Subordinated Note or Coupon, be deemed to have waived all such rights of set-off, compensation or retention.

Although subordinated debt securities, such as the Subordinated Notes, may pay a higher rate of interest than comparable debt securities which are not subordinated, there is a real risk that an investor in subordinated securities such as the Subordinated Notes will lose all or some of his investment should SSE become insolvent.

*The current IFRS accounting classification of financial instruments such as the Subordinated Notes as equity instruments may change, which may result in the occurrence of an Accounting Event*

In June 2018, the International Accounting Standards Board (the “IASB”) published the discussion paper DP/2018/1 on “Financial Instruments with Characteristics of Equity” (the “DP/2018/1 Paper”) proposing a new classification approach to articulate more clearly the principles for classifying financial instruments as financial liabilities or equity instruments, and to improve the consistency, completeness and clarity of the classification requirements in IAS 32. In November 2023, the IASB published a paper titled “Exposure Draft Financial Instruments with Characteristics of Equity” where the IASB has decided not to pursue the proposed classification approach set out in the DP/2018/1 Paper and instead to aim at, among other things, clarifying the requirements, including the underlying principles, for classifying a financial instrument as a financial liability or an equity instrument (the “2023 Exposure Draft”). The IASB met in September 2025 to continue discussing the proposed requirements set out in the 2023 Exposure Draft. Depending on the content of the final clarifications that will be adopted, the current IFRS accounting classification of financial instruments such as the Subordinated Notes as equity instruments (as applicable) may change in the future and this may result in the occurrence of an Accounting Event (as described in the Terms and Conditions of the Subordinated Notes). In such an event, SSE may have the option to redeem, in whole but not in part, the Subordinated Notes (pursuant to Condition 7(e) of the Terms and Conditions of the Subordinated Notes) or substitute, or vary the terms of, the Subordinated Notes in accordance with Condition 8 of the Terms and Conditions of the Subordinated Notes.

The implementation of any of the clarifications regarding the requirements, including the underlying principles, for classifying a financial instrument as an equity instrument set out in the 2023 Exposure Draft or any other similar such proposals that may be made in the future, including the extent and timing of any such implementation, if at all, is still uncertain. Accordingly, no assurance can be given as to the future classification of the Subordinated Notes from an accounting perspective or whether any such change may result in the occurrence of an Accounting Event, thereby providing SSE with the option to redeem the Subordinated Notes pursuant to the relevant Conditions in the Terms and Conditions of the Subordinated Notes or substitute, or vary the terms of, the Subordinated Notes in accordance with the relevant Conditions in the Terms and Conditions of the Subordinated Notes.

The redemption of the Subordinated Notes by SSE or the perception that SSE will exercise its optional redemption right might negatively affect the market value of the Subordinated Notes. During any period when SSE may elect to redeem the Subordinated Notes, the market value of the Subordinated Notes generally will not rise substantially above the price at which they can be redeemed.

*No limitation on issuing senior or pari passu securities*

In respect of the Subordinated Notes, there is no restriction on the amount of securities or other liabilities which SSE may issue, guarantee or incur and which rank senior to, or *pari passu* with, the Subordinated Notes. The issue of any

such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by Noteholders on a winding-up of SSE and/or may increase the likelihood of a deferral of interest payments under the Subordinated Notes.

If SSE's financial condition was to deteriorate, the Noteholders could suffer direct and materially adverse consequences, including loss of interest and, if SSE were liquidated (whether voluntarily or not), the Noteholders could suffer loss of their entire investment.

#### *Limited Remedies*

Payments of interest on the Subordinated Notes may be deferred in accordance with Condition 6(a) of the Terms and Conditions of the Subordinated Notes and interest will not therefore be due other than in the limited circumstances described in Condition 6(b) of the Terms and Conditions of the Subordinated Notes.

The only event of default in the Terms and Conditions of the Subordinated Notes is if a default is made by SSE for a period of 14 days or more in the payment of any principal or 21 days or more in the payment of any interest, which is due.

Therefore, it will only be possible for the Noteholders to enforce claims for payment of principal or interest in respect of the Subordinated Notes when the same are due.

In addition, in the event that an order is made, or an effective resolution is passed, for the winding-up of SSE (otherwise than for the purposes of a solvent winding-up) or an administrator of SSE has been appointed and such administrator gives notice that it intends to declare and distribute a dividend, the claims of Noteholders will be subordinated to the claims of holders of all Senior Obligations as further described in Condition 4(a) of the Subordinated Notes. Accordingly, the claims of holders of all Senior Obligations will first have to be satisfied in any winding-up or administration proceedings before the Noteholders may expect to obtain any recovery in respect of their Subordinated Notes and prior thereto Noteholders will have only limited ability to influence the conduct of such winding-up or administration proceedings.

#### *Credit ratings may not reflect all risks associated with the Subordinated Notes*

The Subordinated Notes are expected to be assigned a rating of Baa3 by Moody's, BBB- by S&P and BBB by Fitch. The ratings may not reflect the potential impact of all risks related to the structure, market and other factors that may affect the value of the Subordinated Notes. A credit rating is not a statement as to the likelihood of deferral of interest on the Subordinated Notes. Noteholders have a greater risk of deferral of interest payments than persons holding other securities with similar credit ratings but no, or more limited, interest deferral provisions.

In addition, each of Moody's, S&P and Fitch, or any other rating agency, may change its methodologies for rating securities with features similar to the Subordinated Notes in the future. This may include the relationship between ratings assigned to an issuer's senior securities and ratings assigned to securities with features similar to the Subordinated Notes sometimes called "notching". If the rating agencies were to change their practices for rating such securities in the future and the ratings of the Subordinated Notes were to be subsequently lowered, or if the ratings of the Subordinated Notes were lowered for any other reason (including, for example, adverse developments in relation to SSE's business or industry), this may have a negative impact on the trading price of the Subordinated Notes.

A credit rating is not a recommendation to buy, sell or hold Subordinated Notes and may be revised or withdrawn by the rating agency at any time.

#### *The Subordinated Notes will be perpetual securities*

The Subordinated Notes will be perpetual securities in respect of which there is no fixed redemption date. Subject to any early redemption of the Subordinated Notes in accordance with the Terms and Conditions of the Subordinated

Notes, SSE is under no obligation to redeem or repurchase the Subordinated Notes at any time, and the Noteholders have no right to require redemption of the Subordinated Notes.

Therefore, prospective investors should be aware that they may be required to bear material financial risks of an investment in the Subordinated Notes for an indefinite period of time and may not recover their investment in the foreseeable future. The Noteholders would only be able to realise value from the Subordinated Notes prior to an early redemption by selling their Subordinated Notes at their then market value in an available secondary market. In the absence of a secondary market for the Subordinated Notes, Noteholders may therefore not recover all or part of their investment in the foreseeable future. Therefore, the principal amount of the Subordinated Notes may not be repaid and Noteholders may lose the value of their capital investment in the Subordinated Notes.

### **Risks related to Notes generally**

#### *Benchmark Discontinuation*

In the case of (A) Senior Notes which are Floating Rate Notes where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined or (B) Subordinated Notes when the relevant Reset Rate of Interest (or any component part thereof) remains to be determined by reference to certain benchmarks (such as, if the relevant Subordinated Notes are denominated in Euro, the relevant euro mid-swap rate), the Terms and Conditions of the Notes provide for certain fallback arrangements in the event that a Benchmark Event (as described in the Terms and Conditions of the Notes) occurs.

Benchmark Events (as defined in Condition 5(k)(vii) of the Terms and Conditions of the Senior Notes and Condition 5(i)(vii) of the Terms and Conditions of the Subordinated Notes) include (amongst other events) the permanent discontinuation of an Original Reference Rate and a public statement by the supervisor for the administrator of the Original Reference Rate that such rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market. If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest or, in respect of Subordinated Notes, any Subsequent Reset Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser (as defined in Condition 5(k)(vii) of the Terms and Conditions of the Senior Notes and Condition 5(i)(vii) of the Terms and Conditions of the Subordinated Notes), at the Issuer's own expense, as soon as reasonably practicable. After consulting with the Independent Adviser, the Issuer shall endeavour to determine a Successor Rate or, failing which, an Alternative Rate and in either case an Adjustment Spread if any (each as defined in Condition 5(k)(vii) of the Terms and Conditions of the Senior Notes and Condition 5(i)(vii) of the Terms and Conditions of the Subordinated Notes) to be used in place of the Original Reference Rate.

If a Successor Rate or Alternative Rate is determined by the Issuer, the Conditions also provide that an Adjustment Spread may be determined by the Issuer and applied to such Successor Rate or Alternative Rate. If no Adjustment Spread can be determined, a Successor Rate or Alternative Rate may nonetheless be used to determine the Rate of Interest or, in the case of Subordinated Notes, the Subsequent Reset Rate of Interest. In determining a Successor Rate or Alternative Rate and Adjustment Spread (if applicable) the Issuer may be entitled to exercise discretion and may be subject to conflicts of interest in exercising this discretion.

Furthermore, if a Successor Rate, Alternative Rate and/or Adjustment Spread for the Original Reference Rate is determined by the Issuer, the Terms and Conditions of the Notes provide that, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, the Issuer may vary the Terms and Conditions of the Notes, the Agency Agreement and/or the Trust Deed, as necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread, without any requirement for consent or approval of the Noteholders.

The use of any Successor Rate or Alternative Rate to determine the Rate of Interest or Subsequent Reset Rate of Interest, as applicable, and the application of an Adjustment Spread (if applicable) may result in the Notes performing

differently (which may include payment of a lower Rate of Interest or Subsequent Reset Rate of Interest, as applicable) than they would do if the Original Reference Rate were to continue to apply in its current form.

*Potential for a fixed rate return*

The Issuer may be unable to appoint an Independent Adviser or the Issuer may not be able to determine a Successor Rate or Alternative Rate in accordance with the Terms and Conditions of the Notes.

Where the Issuer is unable to appoint an Independent Adviser in a timely manner, or is unable to determine a Successor Rate or Alternative Rate before the next Interest Determination Date or, in respect of Subordinated Notes, the relevant Reset Determination Date in respect of a relevant Reset Period, the Rate of Interest for the next succeeding Interest Period (as defined in Condition 5(i) of the Terms and Conditions of the Senior Notes), or in respect of Subordinated Notes the next succeeding Reset Period (as defined in the Terms and Conditions of the Subordinated Notes), shall be:

- i. in respect of Senior Notes, equal to the Rate of Interest applicable as at the last preceding Interest Period before the occurrence of the Benchmark Event, or, where the Benchmark Event occurs before the first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest; and
- ii. in respect of Subordinated Notes, determined using the Original Reference Rate last displayed on the Mid-Swap Screen Page prior to the relevant Reset Determination Date

Where the Issuer is unable to appoint an Independent Adviser or has been unable to determine a Successor Rate or Alternative Rate in respect of any given Interest Period or Reset Period, as applicable, it will continue to attempt to appoint an Independent Adviser in a timely manner before the next succeeding Interest Determination Date or Reset Determination Date, as applicable, and/or to determine a Successor Rate or Alternative Rate to apply the next succeeding and any subsequent Interest Periods or Reset Periods, as applicable.

In respect of the Senior Notes, applying the initial Rate of Interest or the Rate of Interest applicable as at the last preceding Interest Period before the occurrence of the Benchmark Event, or, in the case of Subordinated Notes, using the Original Reference Rate last displayed on the Relevant Screen Page prior to the relevant Reset Determination Date effected by the Benchmark Event, both as described in (i) and (ii) above, is likely to result in Notes linked to or referencing the relevant benchmark performing differently (which may include payment of a lower Rate of Interest) than they would do if the relevant benchmark were to continue to apply, or if a Successor Rate or Alternative Rate could be determined.

If the Issuer is unable to appoint an Independent Adviser or, fails to determine a Successor Rate or Alternative Rate for the life of the relevant Notes, the adjusted Rate of Interest calculated utilising these fallback mechanics will continue to apply to maturity. This risks the Floating Rate Notes or Subordinated Notes, in effect, becoming fixed rate Notes.

Investors should consider these matters with respect to Floating Rate Notes or the Subordinated Notes and consult their own independent advisers and make their own assessment about the potential risks imposed by benchmark regulation reforms when making their investment decision with respect to such Notes.

*Modification, waivers and substitution*

The Conditions (as defined in “*Overview of the Programme*”) of the Notes contain provisions for calling meetings (including by way of telephone or video conference) of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Conditions also provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification of any of the provisions of the Trust Deed that is, in its opinion, of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or

authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders (iii) the substitution of another company as principal debtor under any Notes in place of the relevant Issuer, in the circumstances described in Condition 12 of the Terms and Conditions of the Senior Notes and Condition 14 of the Terms and Conditions of the Subordinated Notes.

#### *Change of law*

The Conditions are based on English law in effect as at the date of issue of the relevant Notes, except in relation to Conditions 3 and 4 of the Terms and Conditions of the Subordinated Notes which are governed by Scots law. No assurance can be given as to the impact of any possible judicial decision or change to English or Scots law or, as the case may be, or administrative practice after the date of issue of the relevant Notes.

#### *Bearer Notes where denominations involve integral multiples*

In relation to any issue of Notes in bearer form which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that the Notes may be traded in amounts that are not integral multiples of such minimum Specified Denominations (as defined in the Conditions). In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time will not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

*Certain Senior Notes may be held as CREST Depository Interests and holders of such CDIs will be subject to additional provisions and, as a result, the rights of, and returns received by, the holders of such CDIs may differ from those of holders of Senior Notes which are not represented by CDIs*

Terms used in this risk factor and not otherwise defined shall have the meanings given to such terms in the section entitled “*Summary of the Provisions relating to the Notes while in Global Form — CREST Depository Interests*” in this Prospectus.

CREST Depository Interests are separate legal obligations distinct from the Senior Notes. As such, CDI Holders will be subject to additional provisions that holders of Senior Notes that are not represented by CDIs are not.

CDI Holders will hold or have an interest in a separate legal instrument and not be the legal owners of the Senior Notes. The rights of CDI Holders to the Senior Notes are represented by the relevant entitlements against the CREST Depository which (through the CREST Nominee) holds interests in the Senior Notes. Accordingly, rights under the Senior Notes cannot be enforced by CDI Holders except indirectly through the intermediary depositaries and custodians. The enforcement of rights by CDI Holders in respect of Senior Notes will be subject to the local law of the relevant intermediaries. This could result in an elimination or reduction in the payments that otherwise would have been made in respect of the Senior Notes represented by CDIs in the event of any insolvency or liquidation of any of the relevant intermediaries, in particular where the Senior Notes represented by CDIs held in clearing systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries.

The rights of the CDI Holders will be governed by the arrangements between CREST, Euroclear, Clearstream, Luxembourg and the relevant Issuer, including the CREST Deed Poll. Potential investors should note that the provisions of the CREST Deed Poll, the CREST Manual and the CREST Rules contain indemnities, warranties, representations and undertakings to be given by CDI Holders and limitations on the liability of the CREST Depository. CDI Holders are bound by such provisions and may incur liabilities resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the amounts originally invested by them. As a result, the rights of, and returns received by, CDI Holders may differ from those of holders of Senior Notes which are not represented by CDIs.

In addition, CDI Holders may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement Links Service. These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it under the CREST Deed Poll and any taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of the Senior Notes through the CREST International Settlement Links Service.

Potential investors should note that none of the Issuer, the relevant Dealer, the Trustee and the Agents will have any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

For further information on the issue and holding of CDIs see the section entitled “*Summary of the Provisions relating to the Notes while in Global Form — CREST Depository Interests*” in this Prospectus.

## **Risks related to the market generally**

### *The secondary market generally*

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

### *Exchange rate risks and exchange controls*

The relevant Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor’s financial activities are denominated principally in a currency or currency unit (the “**Investor’s Currency**”) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor’s Currency) and the risk that authorities with jurisdiction over the Investor’s Currency may impose or modify exchange controls. An appreciation in the value of the Investor’s Currency relative to the Specified Currency would decrease (1) the Investor’s Currency-equivalent yield on the Notes, (2) the Investor’s Currency equivalent value of the principal payable on the Notes and (3) the Investor’s Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

### *Interest rate risks*

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Notes.

## OVERVIEW OF THE PROGRAMME

*The following overview is qualified in its entirety by the more detailed information contained elsewhere in this Prospectus. Capitalised terms used herein and not otherwise defined have the respective meanings given to them in the “Terms and Conditions of the Senior Notes” and the “Terms and Conditions of the Subordinated Notes” (together, the “Conditions”). This overview constitutes a general description of the Programme for the purposes of Delegated Regulation (EU) No 2019/980 as it forms part of domestic law of the UK by virtue of the EUWA.*

*This overview constitutes a general description of the Programme for the purposes of Appendix 1, Annex 3.2 of the PRM.*

Notes may be issued as either Senior Notes or as Subordinated Notes. The issuance of Subordinated Notes under the Programme is limited to SSE plc only.

<b>Issuers:</b>	SSE plc (in respect of both Senior Notes and Subordinated Notes) Scottish Hydro Electric Power Distribution plc (in respect of Senior Notes only) Scottish Hydro Electric Transmission plc (in respect of Senior Notes only) Southern Electric Power Distribution plc (in respect of Senior Notes only)
<b>Legal Entity Identifier (LEI):</b>	SSE plc LEI: 549300KI75VYLLMSK856 Scottish Hydro Electric Power Distribution plc LEI: 549300OPROMBN0FGNC34 Scottish Hydro Electric Transmission plc LEI: 549300ECJZDA7203MK64 Southern Electric Power Distribution plc LEI: 549300SR1GYYNBZQGX56
<b>Description:</b>	Euro Medium Term Note Programme
<b>Size:</b>	Up to €20,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.
<b>Arranger:</b>	NatWest Markets Plc
<b>Dealers:</b>	Banco Bilbao Vizcaya Argentaria, S.A. Banco Santander, S.A. Bank of China Limited Barclays Bank PLC BNP PARIBAS Crédit Agricole Corporate and Investment Bank HSBC Bank plc J.P. Morgan Securities plc Lloyds Bank Corporate Markets plc Merrill Lynch International Mizuho International plc Morgan Stanley & Co. International plc MUFG Securities EMEA plc NatWest Markets Plc RBC Europe Limited

The Issuers may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Prospectus to “**Permanent Dealers**” are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to “**Dealers**” are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.

<b>Trustee:</b>	BNY Mellon Corporate Trustee Services Limited
<b>Issuing and Paying Agent, Transfer Agent and Calculation Agent:</b>	The Bank of New York Mellon, London Branch
<b>Registrar, Paying Agent and Transfer Agent:</b>	The Bank of New York Mellon SA/NV, Luxembourg Branch.
<b>Method of Issue:</b>	<p>The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a “<b>Series</b>”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a “<b>Tranche</b>”) on the same or different issue dates. The specific terms of each Tranche will be completed in the final terms (the “<b>Final Terms</b>”).</p>
<b>Issue Price:</b>	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount.
<b>Form of Notes:</b>	<p>The Notes may be issued in bearer form (“<b>Bearer Notes</b>”) or in registered form (“<b>Registered Notes</b>”) only. Each Tranche of Bearer Notes will be represented on issue by a temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in “<b>Overview of the Programme — Selling Restrictions</b>” below), otherwise such Tranche will be represented by a permanent Global Note. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as “<b>Global Certificates</b>”.</p> <p>In respect of Senior Notes represented by CDIs, to the extent applicable, CDI Holders will hold CDIs constituted and issued by the CREST Depository and representing indirect interests in the Senior Notes. The CDIs will be issued and settled through CREST. Neither the Senior Notes nor any rights thereto will be issued, held, transferred or settled within the CREST system otherwise than through the issue, holding, transfer and settlement of CDIs. CDI holders will not be entitled to deal directly in the Senior Notes and accordingly all</p>

dealings in the Senior Notes will be effected through CREST in relation to the holding of CDIs.

**Clearing Systems:**

Clearstream, Luxembourg, Euroclear and, in relation to any Tranche, such other clearing system as may be agreed between the relevant Issuer, the Issuing and Paying Agent, the Trustee and the relevant Dealer.

**Initial Delivery of Notes:**

On or before the issue date for each Tranche, if the relevant Global Note is a NGN, the Global Note will be delivered to a Common Safekeeper for Euroclear and Clearstream, Luxembourg. On or before the issue date for each Tranche, if the relevant Global Note is a CGN, the Global Note representing Bearer Notes or the Certificate representing Registered Notes may be deposited with a common depository for Euroclear and Clearstream, Luxembourg. Global Notes or Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the relevant Issuer, the Issuing and Paying Agent, the Trustee and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.

**Currencies:**

Subject to compliance with all applicable legal and/or regulatory requirements, Senior Notes may be issued in any currency agreed between the relevant Issuer and the relevant Dealers. Subordinated Notes may be issued in Euro or Sterling.

**Maturities:**

Senior Notes may have any maturity, subject to compliance with all applicable and/or regulatory requirements. Subordinated Notes will be perpetual and will have no maturity.

**Specified Denomination:**

Senior Notes will be issued in such denominations as may be agreed between the relevant Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by any laws or regulations applicable to the relevant Specified Currency. The Specified Denominations for any Subordinated Notes shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Subordinated Notes).

Unless otherwise permitted by then current laws and regulations, Notes which have a maturity of less than one year will have a minimum denomination of £100,000 (or its equivalent in other currencies).

**Fixed Rate Notes (Senior Notes only):**

Fixed interest will be payable in arrear on the date or dates in each year specified in the applicable Final Terms.

**Floating Rate Notes (Senior Notes only):**

Floating Rate Notes will bear interest determined separately for each Series by reference to EURIBOR or SONIA as adjusted for any applicable margin and subject to the benchmark discontinuation provisions set out in Condition 5(k).

**Reset Notes (Subordinated Notes only):**

Fixed interest will be payable at the Initial Rate of Interest in arrear on the Interest Payment Date(s) in each year for an initial period as

specified in the applicable Final Terms. Thereafter, subject, if applicable, to the benchmark discontinuation provisions described in Condition 5(i) of the Terms and Conditions of the Subordinated Notes, the interest rate may be recalculated on certain dates specified by reference to a Benchmark Gilt Rate for Sterling or Mid-Swap Rate for Euros, and for a period equal to the relevant Reset Period, as adjusted for any applicable margin, in each case as specified in the applicable Final Terms.

**Optional Interest Deferral  
(Subordinated Notes only):**

SSE may, at its discretion, elect to defer all or part of any Interest Payment (a “**Deferred Interest Payment**”) which is otherwise scheduled to be paid on an Interest Payment Date by giving notice in accordance with the Terms and Conditions of the Subordinated Notes. Subject as described in “Mandatory Settlement” below, if SSE elects not to pay all or part of any Interest Payment on an Interest Payment Date, then it will not have any obligation to pay such interest on the relevant Interest Payment Date and any such non-payment of interest will not constitute an Event of Default or any other breach of by SSE of its obligations under the Notes or for any other purpose.

Arrears of Interest may be satisfied at the option of SSE in whole or in part at any time (the “**Optional Deferred Interest Settlement Date**”) following delivery of a notice to such effect given by SSE to the Noteholders, the Trustee, the Principal Paying Agent and (in the case of Registered Notes) the Registrar and Transfer Agent informing them of its election to so satisfy such Arrears of Interest (or part thereof) and specifying the relevant Optional Deferred Interest Settlement Date.

Any Deferred Interest Payment shall itself bear interest (such further interest together with the Deferred Interest Payment, being “**Arrears of Interest**”), at the Rate of Interest prevailing from time to time, from (and including) the date on which (but for such deferral) the Deferred Interest Payment would otherwise have been due to be made to (but excluding) the relevant Optional Deferred Interest Settlement Date or, as appropriate, such other date on which such Deferred Interest Payment is paid as described in “Mandatory Settlement” below, in each case such further interest being compounded on each Interest Payment Date.

Non-payment of Arrears of Interest shall not constitute a default by SSE under the Notes or for any other purpose, unless such payment is required as described in “Mandatory Settlement” below.

**Mandatory Settlement (Subordinated  
Notes only):**

Notwithstanding the right to defer payment of interest, SSE shall pay any outstanding Arrears of Interest, in whole but not in part, on the first to occur of (i) the date which is 10 Business Days following the occurrence of a Compulsory Arrears of Interest Settlement Event, (ii) the next scheduled Interest Payment Date on which interest on the Notes is paid or (iii) the date on which the Notes are redeemed or repaid in accordance with Condition 4, Condition 7 or Condition 13.

<b>Benchmark discontinuation:</b>	<p>On the occurrence of a Benchmark Event, the Issuer may (subject to certain conditions and following consultation with an Independent Adviser) determine a Successor Rate, failing which an Alternative Rate and, if applicable, an Adjustment Spread, and any Benchmark Amendments in accordance with Condition 5(k) of the Terms and Conditions of the Senior Notes and Conditions 5(i) of the Terms and Conditions of the Subordinated Notes.</p> <p>Interest periods will be specified in the applicable Final Terms.</p>
<b>Zero Coupon Notes (Senior Notes only):</b>	<p>Zero Coupon Notes (as defined in “<i>Terms and Conditions of the Senior Notes</i>”) may be issued at their nominal amount or at a discount to it and will not bear interest.</p>
<b>RPI Linked Notes (Senior Notes only):</b>	<p>Payments of principal in respect of RPI Linked Notes (as defined in “<i>Terms and Conditions of the Senior Notes</i>”) or of interest in respect of RPI Linked Interest Notes will be calculated as specified in “<i>Terms and Conditions of the Senior Notes</i>”.</p>
<b>Interest Periods and Interest Rates:</b>	<p>The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the applicable Final Terms.</p>
<b>Redemption:</b>	<p>The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than (a) in the case of Senior Notes only, for taxation reasons or following an Event of Default or (b) in the case of Subordinated Notes only, if an Accounting Event, a Capital Event, a Tax Deductibility Event or a Withholding Tax Event has occurred as described in “<i>Redemption following a Special Event</i>” below) or that such Notes will be redeemable at the option of the Issuer following the occurrence of a Clean-Up Call Event and/or at the option of the Issuer and/or, in the case of Senior Notes only, the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.</p> <p>The applicable Final Terms will specify the basis for calculating the redemption amounts payable. Unless permitted by then current laws and regulations, Notes which have a maturity of less than one year must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).</p>
<b>Special Event (Subordinated Notes only):</b>	<p>As set out in the Terms and Conditions of the Subordinated Notes, “<b>Special Event</b>” means any of an Accounting Event, a Capital Event, a Clean-Up Call Event, a Tax Deductibility Event or a Withholding Tax Event or any combination of the foregoing.</p>

**Redemption following a Special Event  
(Subordinated Notes only):**

If a Special Event has occurred and is continuing, then SSE may redeem at any time all, but not some only, of the Notes at the relevant early redemption amount together with any accrued and unpaid interest up to (but excluding) the redemption date and any outstanding Arrears of Interest.

**Redemption following a Change of  
Control Event  
(Subordinated Notes only):**

If a Change of Control Event has occurred and is continuing, SSE may elect to redeem all, but not some only, of the Notes at their relevant early redemption amount together with any accrued and unpaid interest up to (but excluding) the redemption date and any outstanding Arrears of Interest.

If SSE does not elect to redeem the Notes following the occurrence of a Change of Control Event, the then prevailing Rate of Interest, and each subsequent Rate of Interest, on the Notes shall be increased by the Change of Control Step-Up Margin specified in the applicable Final Terms with effect from (and including) the date on which the Change of Control Event occurred pursuant to Condition 5(h) of the Terms and Conditions of the Subordinated Notes.

**Substitution or Variation  
instead of redemption following a  
certain Special Event  
(Subordinated Notes only):**

If an Accounting Event, a Capital Event, a Tax Deductibility Event or a Withholding Tax Event has occurred and is continuing, without the consent of the Noteholders, SSE may at any time either (i) substitute all, but not some only, of the Notes for, or (ii) vary the terms of the Notes with the effect that they remain or become (as the case may be) Qualifying Notes, in each case in accordance with Condition 8 and 9 of the Terms and Conditions of the Subordinated Notes and subject, *inter alia*, to the receipt by the Trustee of the certificate of the directors of SSE.

**Status of the Senior Notes:**

The Notes will constitute direct, unsubordinated and unsecured obligations of the relevant Issuer, all as described in “*Terms and Conditions of the Senior Notes — Status*”.

**Status of the Subordinated Notes:**

The Notes will constitute direct, unsecured and subordinated obligations of SSE and will rank *pari passu* and without any preference among themselves. The rights and claims of the Noteholders and the Couponholders are subordinated as described in Condition 4 of the Terms and Conditions of the Subordinated Notes.

**Subordination  
(Subordinated Notes only)**

The rights and claims of the Noteholders and the Couponholders will be subordinated to the claims of holders of all Senior Obligations of SSE in that if at any time an order is made, or an effective resolution is passed, for the winding-up of SSE (otherwise than for the purposes of a solvent winding-up solely for the purposes of a reorganisation, reconstruction, amalgamation or the substitution in place of SSE of a “successor in business” of SSE, the terms of which reorganisation, reconstruction, amalgamation or substitution (x) have previously been approved in writing by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) and (y) do not provide that the Notes shall thereby become redeemable or repayable in accordance with the Terms and Conditions of the Subordinated Notes) or an administrator of SSE is appointed and such administrator giving notice that it intends to declare and distribute a dividend, the rights and claims of the

Noteholders and the Couponholders will be subordinated in accordance with Condition 4 of the Terms and Conditions of the Subordinated Notes.

Accordingly, without prejudice to the rights of the Trustee or the Agents, the claims of holders of all Senior Obligations of SSE will first have to be satisfied in any winding-up or analogous proceedings of SSE before the Noteholders and (if applicable) the Couponholders may expect to obtain from SSE any recovery in respect of their Notes and (if applicable) Coupons, respectively, and prior thereto Noteholders and (if applicable) the Couponholders will have only limited ability to influence the conduct of such winding-up or analogous proceedings. See “*Risk Factors — Risks related to the structure of a particular issue of Notes — Subordinated Notes - Limited Remedies*”.

**Negative Pledge (Senior Notes only):**

The Notes will contain a Negative Pledge, all as described in “*Terms and Conditions of the Senior Notes — Negative Pledge*”.

**Cross Acceleration (Senior Notes only):**

The Notes will contain a Cross Acceleration, all as described in “*Terms and Conditions of the Senior Notes — Events of Default*”.

**Event of Default (Senior Notes):**

The terms of the Notes will contain, amongst others, the following events of default:

- (a) default in payment of any principal or interest due in respect of the Notes, continuing for the respective periods of time specified in Condition 11(i) of the Terms and Conditions of the Senior Notes;
- (b) non-performance or non-observance by the Issuer of any of its other obligations under the Terms and Conditions of the Senior Notes or the Trust Deed continuing for the period of time specified in Condition 11(ii) of the Terms and Conditions of the Senior Notes;
- (c) a cross-acceleration provision in respect of Indebtedness For Borrowed Money of the Issuer as further described in Condition 11(iii) of the Terms and Conditions of the Senior Notes; and
- (d) certain events relating to the insolvency or winding up of the Issuer and its Principal Subsidiaries.

**Event of Default (Subordinated Notes):**

If a default is made by SSE for a period of 14 days or more in the payment of any principal or 21 days or more in the payment of any interest, in each case in respect of the Notes and which is due, then SSE shall without notice from the Trustee be deemed to be in default under the Trust Deed, the Notes and the Coupons and the Trustee at its sole discretion may, notwithstanding the provisions of Condition 13(b) but subject to Condition 13(c) of the Terms and Conditions of the Subordinated Notes, institute proceedings for the winding-up of SSE and/or prove in the winding-up or administration of SSE and/or claim in the liquidation or administration of SSE, for such payment.

**Ratings:**

Senior Notes issued under the Programme are expected to be rated Baa1 by Moody's, BBB+ by S&P and A- for SSE, SHEPD and SEPD and A for SSEN Transmission by Fitch. Subordinated Notes issued under the Programme are expected to be rated Baa3 by Moody's, BBB- by S&P and BBB by Fitch. Each of Moody's, S&P and Fitch is established in the UK and registered under the UK CRA Regulation. Each of Moody's, S&P and Fitch is not established in the EEA and has not applied for registration under the EU CRA Regulation, however, Moody's Deutschland GmbH has endorsed the ratings of Moody's, S&P Global Ratings Europe Limited has endorsed the ratings of S&P and Fitch Ratings Ireland has endorsed the ratings of Fitch. Each of Moody's Deutschland GmbH, S&P Global Ratings Europe Limited and Fitch Ratings Ireland is established in the EEA and registered under the EU CRA Regulation. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Tranches of Notes will be rated or unrated. Where a Tranche of Notes is rated, such rating will be disclosed in the applicable Final Terms and will not necessarily be the same as the ratings assigned to the Programme.

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**Withholding Tax:**

All payments of principal, premium and interest in respect of the Notes will be made free and clear of withholding taxes of the UK or any political subdivision or any authority thereof or therein having power to tax, unless the withholding is required by law. In such event, the Issuer shall, subject to customary exceptions, pay such additional amounts as shall result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding been required, all as described in "*Terms and Conditions of the Senior Notes — Taxation*" and "*Terms and Conditions of the Subordinated Notes — Taxation*".

**Governing Law:**

The Trust Deed, the Notes, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law, except for Conditions 3 and 4 of the Terms and Conditions of the Subordinated Notes which are governed by Scots law.

**Listing and Admission to Trading:**

Application has been made to list Notes issued under the Programme on the Official List and to admit them to trading on the Market and references to listing shall be construed accordingly. The applicable Final Terms will indicate whether the Notes of a relevant Series will be admitted to the Official List and admitted to trading on the Market. An Issuer of the Senior Notes may issue Notes that are admitted to trading on another stock exchange or market, as indicated in the applicable Final Terms, provided that such Notes (a) have a minimum denomination of at least £50,000 (or its equivalent in another currency), (b) are offered solely to qualified investors (as defined in

paragraph 15 of Schedule 1 to the POATRs) and/or (c) another exemption from the prohibition on offers to the public set out in Schedule 1 to the POATRs is available.

**Selling Restrictions:**

The United States, the UK, Prohibition of Sales to EEA Retail Investors, Prohibition of Sales to UK Retail Investors, Belgium, Italy, Japan and Singapore. See “*Subscription and Sale*”.

Category 2 selling restrictions will apply for the purposes of Regulation S under the Securities Act.

Bearer Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”)) (the “**D Rules**”) unless (i) the applicable Final Terms states that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code) (the “**C Rules**”) or (ii) the Bearer Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“**TEFRA**”), which circumstances will be referred to in the applicable Final Terms as a transaction to which TEFRA is not applicable.

## TERMS AND CONDITIONS OF THE SENIOR NOTES

*The following is the text of the terms and conditions (the “Conditions” and each a “Condition”) that, subject to completion in accordance with the provisions of Part A of the applicable final terms (the “Final Terms”), shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. The full text of these Conditions together with the relevant provisions of Part A of the Final Terms shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the applicable Final Terms. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. These Conditions shall be applicable to those Notes which are specified to be “Senior Notes” in the applicable Final Terms. References in these Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme.*

SSE plc (“SSE”), Scottish Hydro Electric Power Distribution plc (“SHEPD”), Scottish Hydro Electric Transmission plc (“SSEN Transmission”) and Southern Electric Power Distribution plc (“SEPD”) (each an “Issuer” and together, the “Issuers”) have established a Euro Medium Term Note Programme (the “Programme”) for the issuance of senior notes (the “Notes”) and subordinated notes in an aggregate principal amount outstanding at any time not exceeding the Programme Limit (as defined in the Trust Deed referred to below). The Notes are constituted by an Amended and Restated Trust Deed (as amended or supplemented as at the date of issue of the Notes (the “Issue Date”), the “Trust Deed”) dated 1 June 2026 between the Issuers and BNY Mellon Corporate Trustee Services Limited (the “Trustee”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. An Amended and Restated Agency Agreement (as amended or supplemented as at the Issue Date, the “Agency Agreement”) dated 6 June 2025 has been entered into in relation to the Notes between the Issuers, the Trustee, The Bank of New York Mellon, London Branch as initial issuing and paying agent and the other agent named in it. The issuing and paying agent, the paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the “Issuing and Paying Agent”, the “Paying Agents” (which expression shall include the Issuing and Paying Agent), the “Registrar”, the “Transfer Agents” (which expression shall include the Registrar) and the “Calculation Agent(s)”. Copies of the Trust Deed and the Agency Agreement are available for inspection during usual business hours at the principal office of the Trustee (presently at 160 Queen Victoria Street, London EC4V 4LA, United Kingdom) and at the specified offices of the Paying Agents and the Transfer Agents.

The Noteholders, the holders of the interest coupons (the “Coupons”) relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “Talons”) (the “Couponholders”) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions of the Agency Agreement applicable to them.

As used in these Conditions, “Tranche” means, in relation to a series of Notes, those Notes which are identical in all respects.

Any reference in these Conditions to a matter being “shown hereon” or “specified hereon” means as the same may be specified in the applicable Final Terms.

### 1 FORM, DENOMINATION AND TITLE

The Notes are issued in bearer form (“Bearer Notes”) or in registered form (“Registered Notes”) in each case in the Specified Denomination(s) specified in the applicable Final Terms.

*All Registered Notes shall have the same Specified Denomination.*

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or a RPI Linked Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable.

Registered Notes are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, “**Noteholder**” means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be), “**holder**” (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

## 2 EXCHANGES OF NOTES AND TRANSFERS OF REGISTERED NOTES

- (a) **Exchange of Notes:** Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes.
- (b) **Transfer of Registered Notes:** One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.
- (c) **Exercise of Options or Partial Redemption in Respect of Registered Notes:** In the case of an exercise of an Issuer’s or Noteholder’s option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.
- (d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Conditions 2(b) or (c) shall

be available for delivery within three business days of receipt of the request for exchange, form of transfer or Exercise Notice (as defined in Condition 6(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), “**business day**” means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case maybe).

- (e) **Exchange Free of Charge:** Exchange and transfer of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).
- (f) **Closed Periods:** No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of that Note, (ii) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date.

### 3 STATUS

The Notes and the Coupons relating to them constitute direct, unconditional and (subject to Condition 4) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and the Coupons relating to them shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors’ rights.

### 4 NEGATIVE PLEDGE

So long as any Note or Coupon remains outstanding (as defined in the Trust Deed), the Issuer will ensure that no Relevant Indebtedness of the Issuer or any Relevant Subsidiary or of any other person and no guarantee by the Issuer or any Relevant Subsidiary of any Relevant Indebtedness of any person will be secured by a mortgage, charge, lien, pledge or other security interest (each a “**Security Interest**”) upon, or with respect to, any of the present or future business, undertaking, assets or revenues (including any uncalled capital) of the Issuer or any Relevant Subsidiary unless the Issuer shall, before or at the same time as the creation of such Security Interest, take any and all action necessary to ensure that:

- (a) all amounts payable by it under the Notes, the Coupons and the Trust Deed are secured equally and rateably with the Relevant Indebtedness or guarantee, as the case may be, by the Security Interest to the satisfaction of the Trustee; or
- (b) such other Security Interest or guarantee or other arrangement (whether or not including the giving of a Security Interest) is provided in respect of all amounts payable by the Issuer under the Notes, the Coupons and the Trust Deed either (i) as the Trustee shall in its absolute discretion deem not materially

less beneficial to the interests of the Noteholders or (ii) as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders,

save that the Issuer or any Relevant Subsidiary may create or have outstanding a Security Interest in respect of any Relevant Indebtedness and/or any guarantees given by the Issuer or any Relevant Subsidiary in respect of any Relevant Indebtedness of any person (without the obligation to provide a Security Interest or guarantee or other arrangement in respect of the Notes, the Coupons and the Trust Deed as aforesaid) where (1) such Relevant Indebtedness has an initial maturity of not less than 20 years and is of a maximum aggregate amount outstanding at any time not exceeding the greater of £250,000,000 and 20 per cent., of the Capital and Reserves or (2) such Security Interest is provided in respect of a company becoming a Subsidiary of the Issuer after the date on which agreement is reached to issue the first Tranche of the Notes and where such Security Interest existed at the time that company becomes a Subsidiary of the Issuer (provided that such Security Interest was not created in contemplation of that company becoming a Subsidiary of the Issuer and the nominal amount secured at the time of that company becoming a Subsidiary of the Issuer is not subsequently increased).

## 5 INTEREST AND OTHER CALCULATIONS

- (a) **Interest on Fixed Rate Notes:** Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(f).
- (b) **Interest on Floating Rate Notes and RPI Linked Notes:**
- (i) *Interest Payment Dates:* Each Floating Rate Note and RPI Linked Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(f). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.
- (ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is:
- (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment,
- (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day,
- (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or
- (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) *Rate of Interest for Floating Rate Notes*: The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to any of Screen Rate Determination and/or Linear Interpolation shall apply, depending upon which is specified hereon.

(A) Screen Rate Determination for Floating Rate Notes referencing EURIBOR

(x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, and unless the Reference Rate in respect of the relevant Series of Floating Rate Notes is specified in the applicable Final Terms as being “SONIA”, the Rate of Interest for each Interest Accrual Period will, subject as provided below and subject to Condition 5(k), be either:

(1) the offered quotation; or

(2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (Brussels time) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

(y) if the Relevant Screen Page is not available or if sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

(z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such rates were offered at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the Euro-zone inter-bank market, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately 11.00 a.m. (Brussels time), on the

relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee and the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in the Euro-zone inter-bank market, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(B) Screen Rate Determination for Floating Rate Notes referencing Compounded SONIA

(x) SONIA Compounded Index Rate

Where (i) Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined and (ii) the Reference Rate is specified in the applicable Final Terms as being SONIA Compounded Index Rate, the Rate of Interest for each Interest Period will, subject to Condition 5(k), be the SONIA Compounded Index Rate as follows, plus or minus (as indicated in the applicable Final Terms) the Margin.

For the purposes of this Condition 5(b)(C)(x)

“**SONIA Compounded Index Rate**” means with respect to an Interest Period, the rate of return of a daily compound interest investment during the Observation Period corresponding to such Interest Period (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest as specified in the applicable Final Terms) on the relevant Interest Determination Date, as follows, and the resulting percentage will be rounded, if necessary, to the fourth decimal place, with 0.00005 being rounded upwards,

$$\left( \frac{SONIA\ Compounded\ Index_{END}}{SONIA\ Compounded\ Index_{START}} - 1 \right) \times \left( \frac{365}{d} \right)$$

provided, however, that and subject to Condition 5(k), if the SONIA Compounded Index Value is not available in relation to any Interest Period on the Relevant Screen Page for the determination of either or both of SONIA Compounded Index<sub>START</sub> and SONIA Compounded Index<sub>END</sub>, the Rate of Interest shall be calculated for such Interest Period on the basis of the SONIA Compounded Daily Reference Rate as set out in Condition 5(b)(iii)(C)(y) as if SONIA Compounded Daily Reference Rate with Observation Shift had been specified hereon and the “Relevant Screen Page” shall be deemed to be the “Relevant Fallback Screen Page” as specified hereon,

where:

“*d*” means the number of calendar days in the relevant Observation Period;

**“London Business Day”**, means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

**“Observation Period”** means, in respect of an Interest Period, the period from (and including) the date falling “p” London Business Days prior to the first day of such Interest Period (and the first Observation Period shall begin on and include the date which is “p” London Business Days prior to the Issue Date) and ending on (but excluding) the date which is “p” London Business Days prior to the Interest Payment Date for such Interest Period (or the date falling “p” London Business Days prior to such earlier date, if any, on which the Notes become due and payable);

**“p”** means, for any Interest Period the whole number specified hereon (or, if no such number is so specified, five London Business Days) representing a number of London Business Days;

**“SONIA Compounded Index”** means the index known as the SONIA Compounded Index administered by the Bank of England (or any successor administrator thereof);

**“SONIA Compounded Index<sub>START</sub>”** means, in respect of an Interest Period, the SONIA Compounded Index Value on the date falling “p” London Business Days prior to (i) the first day of such Interest Period, or (ii) in the case of the first Interest Period, the Issue Date;

**“SONIA Compounded Index<sub>END</sub>”** means the SONIA Compounded Index Value on the date falling “p” London Business Days prior to (i) in respect of an Interest Period, the Interest Payment Date for such Interest Period, or (ii) if the Notes become due and payable prior to the end of an Interest Period, the date on which the Notes become so due and payable; and

**“SONIA Compounded Index Value”** means in relation to any London Business Day, the value of the SONIA Compounded Index as published by authorised distributors on the Relevant Screen Page on such London Business Day or, if the value of the SONIA Compounded Index cannot be obtained from such authorised distributors, as published on the Bank of England’s Website at [www.bankofengland.co.uk/boeapps/database/](http://www.bankofengland.co.uk/boeapps/database/) (or such other page or website as may replace such page for the purposes of publishing the SONIA Compounded Index) on such London Business Day.

(y) **SONIA Compounded Daily Reference Rate**

Where (i) Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined and (ii) the Reference Rate is specified in the applicable Final Terms as being SONIA Compounded Daily Reference Rate, the Rate of Interest for each Interest Period will, subject to Condition 5(k), be the SONIA Compounded Daily Reference Rate as follows, plus or minus (as indicated hereon) the Margin,

**“SONIA Compounded Daily Reference Rate”** means, in respect of an Interest Period, the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest as specified in the applicable Final Terms) on the relevant Interest Determination Date, as follows, and the resulting percentage will be

rounded, if necessary, to the fourth decimal place, with 0.00005 being rounded upwards,

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{SONIA_i \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

“**London Business Day**”, “**Observation Period**” and “**p**” have the meanings set out under Condition 5(b)(iii)(C)(x);

“**d**” is the number of calendar days in the relevant:

- (i) Observation Period where Observation Shift is specified hereon;  
or
- (ii) Interest Period where Lag is specified hereon;

“**d<sub>o</sub>**” is the number of London Business Days in the relevant:

- (i) Observation Period where Observation Shift is specified hereon;  
or
- (ii) Interest Period where Lag is specified hereon;

“**i**” is a series of whole numbers from one to **d<sub>o</sub>**, each representing the relevant London Business Day in chronological order from, and including, the first London Business Day in the relevant:

- (i) Observation Period where Observation Shift is specified hereon;  
or
- (ii) Interest Period where Lag is specified hereon;

“**n<sub>i</sub>**”, for any London Business Day “**i**”, means the number of calendar days from and including such London Business Day “**i**” up to but excluding the following London Business Day;

“**SONIA<sub>i</sub>**” means, in relation to any London Business Day the SONIA reference rate in respect of:

- (i) that London Business Day “**i**” where Observation Shift is specified hereon; or
- (ii) the London Business Day (being a London Business Day falling in the relevant Observation Period) falling “**p**” London Business Days prior to the relevant London Business Day “**i**” where Lag is specified hereon; and

the “**SONIA reference rate**”, in respect of any London Business Day, is a reference rate equal to the daily Sterling Overnight Index Average (“**SONIA**”) rate for such London Business Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page on the next following London Business Day or, if the Relevant Screen Page is unavailable, as published by authorised distributors on such London Business Day or, if SONIA cannot be

obtained from such authorised distributors, as published on the Bank of England's Website at [www.bankofengland.co.uk/boeapps/database/](http://www.bankofengland.co.uk/boeapps/database/) (or such other page or website as may replace such page for the purposes of publishing the SONIA reference rate)

(z) Subject to Condition 5(k), where SONIA is specified as the Reference Rate hereon and either (i) SONIA Compounded Daily Reference Rate is specified hereon, or (ii) the SONIA Compounded Index Rate is specified hereon and Condition 5(b)(iii)(C)(y) applies, if, in respect of any London Business Day, the SONIA reference rate is not available on the Relevant Screen Page or Relevant Fallback Screen Page as applicable, (or as otherwise provided in the relevant definition thereof), such Reference Rate shall be:

1. (i) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at close of business on the relevant London Business Day; plus (ii) the mean of the spread of the SONIA reference rate to the Bank Rate over the previous five days on which the SONIA reference rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate, or
2. if such Bank Rate is not available, the SONIA reference rate published on the Relevant Screen Page (or as otherwise provided in the relevant definition thereof) for the first preceding London Business Day on which the SONIA reference rate was published on the Relevant Screen Page (or as otherwise provided in the relevant definition thereof), and

in each case, SONIA<sub>i</sub> shall be interpreted accordingly.

(aa) If the Rate of Interest cannot be determined in accordance with the foregoing provisions, but without prejudice to Condition 5(k), the Rate of Interest shall be (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period) or (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Notes for the first Interest Accrual Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Accrual Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin and any Maximum Rate of Interest or Minimum Rate of Interest applicable to the first Interest Accrual Period).

If the relevant Series of Notes become due and payable in accordance with Condition 11, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified hereon, be deemed to be the date on which such Notes became due and payable and the Rate of Interest on such

Notes shall, for so long as any such Note remains outstanding, be that determined on such date.

(C) Linear Interpolation

Where Linear Interpolation is specified hereon as applicable in respect of an Interest Accrual Period, the Rate of Interest for such Interest Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified hereon as applicable), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Accrual Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Accrual Period provided however that if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources provided by the Issuer or an agent appointed at the time by the Issuer.

“**Applicable Maturity**” means in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

- (iv) *Rate of Interest for RPI Linked Notes*: The Rate of Interest in respect of RPI Linked Notes for each Interest Accrual Period shall be determined in the manner specified in Condition 7.
- (c) **Zero Coupon Notes**: Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i)).
- (d) **Accrual of Interest**: Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 9).
- (e) **Margin, Maximum/Minimum Rates of Interest and Redemption Amounts and Rounding**:
- (i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 5(b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.
- (ii) If any Maximum or Minimum Rate of Interest or Redemption Amount is specified hereon, then any Rate of Interest or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes, “**unit**” means the lowest amount of such currency that is available as legal tender in the country of such currency.

- (f) **Calculations:** The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.
- (g) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Make-Whole Amounts:** The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Make-Whole Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Make-Whole Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 11, the accrued interest and the Rate of Interest payable in respect of the Notes shall, subject in the case of each of the SONIA Compounded Index Rate and the SONIA Compounded Daily Reference Rate to Condition 5(b)(iii)(C)(y)(i), nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.
- (h) **Determination or Calculation by Trustee:** If the Calculation Agent does not at any time for any reason determine or calculate the Rate of Interest for an Interest Accrual Period or any Interest Amount, Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Make-Whole Amount, the Trustee shall do so (or shall appoint an agent on its behalf to do so) and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

- (i) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“**Business Day**” means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency and/or
- (ii) in the case of euro, a day on which T2 is open for the settlement of payments in euro (a “**TARGET Business Day**”) and/or
- (iii) in the case of a currency and/or one or more Business Centres a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the “**Calculation Period**”):

- (i) if “**Actual/Actual**” or “**Actual/Actual — ISDA**” is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)
- (ii) if “**Actual/365 (Fixed)**” is specified hereon, the actual number of days in the Calculation Period divided by 365
- (iii) if “**Actual/360**” is specified hereon, the actual number of days in the Calculation Period divided by 360
- (iv) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y**<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y**<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M**<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M**<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D**<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case **D**<sub>1</sub> will be 30; and

“**D**<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and **D**<sub>1</sub> is greater than 29, in which case **D**<sub>2</sub> will be 30

- (v) if “**30E/360**” or “**Eurobond Basis**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M<sub>2</sub>**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D<sub>1</sub>**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case **D<sub>1</sub>** will be 30; and

“**D<sub>2</sub>**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case **D<sub>2</sub>** will be 30

- (vi) if “**30E/360 (ISDA)**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M<sub>2</sub>**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D<sub>1</sub>**” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case **D<sub>1</sub>** will be 30; and

“**D<sub>2</sub>**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case **D<sub>2</sub>** will be 30

- (vii) if “**Actual/Actual-ICMA**” is specified hereon,
- (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
  - (b) if the Calculation Period is longer than one Determination Period, the sum of:
    - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such

Determination Period and (2) the number of Determination Periods normally ending in any year; and

- (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

**“Determination Period”** means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

**“Determination Date”** means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s).

**“EURIBOR”** means, in respect of any specified currency and any specified period, the interest rate benchmark known as the Euro zone interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the European Banking Federation based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic EURIBOR rates can be obtained from the designated distributor).

**“Euro-zone”** means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended.

**“Interest Accrual Period”** means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

**“Interest Amount”** means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

**“Interest Commencement Date”** means the Issue Date or such other date as may be specified hereon.

**“Interest Determination Date”** means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

**“Interest Period”** means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

“**Interest Period Date**” means each Interest Payment Date unless otherwise specified hereon.

“**Rate of Interest**” means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

“**Reference Banks**” means, in the determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market selected by the Issuer or by an agent appointed by the Issuer or as specified hereon.

“**Reference Rate**” means the rate specified as such hereon.

“**Relevant Screen Page**” means such page, section, caption, column or other part of a particular information service as may be specified hereon.

“**Specified Currency**” means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

“**T2**” means the real time gross settlement system operated by the Eurosystem, or any successor system.

- (j) **Calculation Agent:** The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Trust Deed). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under these Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Make-Whole Amount, as the case may be, or to comply with any other requirement, the Issuer shall (with the prior approval of the Trustee) appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) or other suitable financial services entity that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

(k) **Benchmark Event:**

(i) *Independent Adviser*

- (A) Subject in the case of Notes linked to SONIA to Condition 5(b)(iii)(C)(z) and Condition 5(b)(iii)(C)(aa), if a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, at the Issuer’s own expense, as soon as reasonably practicable, to advise the Issuer in determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 5(k)(vii)) and, in either case, an Adjustment Spread if any (in accordance with Condition 5(k)(vii)) and any Benchmark Amendments (in accordance with Condition 5(k)(iv)).

An Independent Adviser appointed pursuant to this Condition 5(k) shall act in good faith and in a commercially reasonable manner as an expert and in consultation with the Issuer. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Trustee, the Paying Agents, or the Noteholders or the Couponholders for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 5(k).

- (B) If (1) the Issuer is unable to appoint an Independent Adviser; or (2) the Issuer fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with Condition 5(k)(i)(A)

prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest. Where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Period shall be substituted in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Period. For the avoidance of doubt, this Condition 5(k)(i)(B) shall apply to the relevant next succeeding Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, Condition 5(k)(i)(A).

*(ii) Successor Rate or Alternative Rate*

If the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines that:

- (A) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 5(k)(iii)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(k)); or
- (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 5(k)(iii)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(k)).

*(iii) Adjustment Spread*

If the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines (i) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

*(iv) Benchmark Amendments*

If any Successor Rate, Alternative Rate and/or Adjustment Spread is determined in accordance with this Condition 5(k) and the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines (i) that amendments to these Conditions, the Agency Agreement and/or the Trust Deed are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the “**Benchmark Amendments**”) and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 5(k)(v), without any requirement for the consent or approval of Noteholders, vary these Conditions, the Agency Agreement and/or the Trust Deed to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee and the Paying Agents of a certificate signed by two directors of the Issuer pursuant to Condition 5(k)(v), the Trustee and the Paying Agents shall (at the expense of the Issuer), without any requirement for the consent or approval of the Noteholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, inter alia, by the execution of a deed supplemental to or amending the Trust Deed and/or the Agency Agreement), provided that the Trustee and the Paying Agents shall not be obliged so to concur if in the opinion of the Trustee or any Paying Agent (as applicable) doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend

the protective provisions afforded to it in these Conditions and/or any documents to which it is a party (including, for the avoidance of doubt, any supplemental trust deed) in any way.

In connection with any such variation in accordance with this Condition 5(k)(iv), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(v) *Notices, etc.*

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 5(k) will be notified promptly by the Issuer to the Trustee, the Calculation Agent, the Paying Agents, and (in the case of Registered Notes) the Registrar and Transfer Agent and, in accordance with Condition 17, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Trustee and the Paying Agents of the same, the Issuer shall deliver to the Trustee and the Paying Agents a certificate signed by two directors of the Issuer:

- (A) confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate and, (iii) where applicable, any Adjustment Spread and/or the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 5(k); and
- (B) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread.

The Trustee and the Paying Agents shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) and without prejudice to the Trustee's and the Paying Agents' ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Calculation Agent, the Paying Agents and the Noteholders.

(vi) *Survival of Original Reference Rate*

Without prejudice to the obligations of the Issuer under Condition 5(k)(i), (ii), (iii) and (iv), the Original Reference Rate and the fallback provisions provided for in Condition 5(b)(iii)(B)(y) and (z) and related definitions will continue to apply unless and until a Benchmark Event has occurred and the Trustee, the Calculation Agent and the Paying Agents have been notified of the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread and any Benchmark Amendments, in accordance with Condition 5(k)(v).

(vii) *Definitions:*

As used in this Condition 5(k):

“**Adjustment Spread**” means either a spread (which may be positive, negative or zero) or a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (A) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);
- (B) the Issuer, following consultation with the Independent Adviser determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt

capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if the Issuer determines that no such spread is customarily applied);

- (C) the Issuer, following consultation with the Independent Adviser determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be).

“**Alternative Rate**” means an alternative benchmark or screen rate which the Issuer following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner determines in accordance with Condition 5(k)(ii) is customary in market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes.

“**Benchmark Amendments**” has the meaning given to it in Condition 5(k)(iv).

“**Benchmark Event**” means:

- (a) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or
- (b) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (c) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or
- (d) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally or in respect of the Notes; or
- (e) the making of an official announcement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or
- (f) it has become unlawful for any Agent, the Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Noteholders using the Original Reference Rate,

provided that in the case of sub-paragraphs (b), (c) and (d), the Benchmark Event shall be deemed to occur on the date of the cessation of publication of the Original Reference Rate, the discontinuation of the Original Reference Rate, or the prohibition of use of the Original Reference Rate, as the case may be, and not the date of the relevant public statement. For the avoidance of doubt, none of the Trustee, the Paying Agents or the Calculation Agent will be responsible for determining whether or not a Benchmark Event has occurred.

“**Independent Adviser**” means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 5(k)(i).

“**Original Reference Rate**” means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes.

“**Relevant Nominating Body**” means, in respect of a benchmark or screen rate (as applicable):

- (A) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

- (B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

“**Successor Rate**” means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

## 6 REDEMPTION, PURCHASE AND OPTIONS

(a) **Final Redemption:**

Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided hereon, is its nominal amount) subject to adjustment in accordance with Condition 7 if Indexation is specified hereon.

(b) **Early Redemption:**

(i) *Zero Coupon Notes:*

- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, upon redemption of such Note pursuant to Condition 6(c), <sup>3</sup>[Condition 6(e)(ii)], <sup>4</sup>[Condition 6(e)(iii)] or <sup>4</sup>[Condition 6(e)(iv)] or upon it becoming due and payable as provided in Condition 11 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.
- (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c), <sup>3</sup>[Condition 6(e)(ii)], <sup>4</sup>[Condition 6(e)(iii)] or <sup>4</sup>[Condition 6(e)(iv)] or upon it becoming due and payable as provided in Condition 11 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date.

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

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<sup>3</sup> Only applicable where SHEPD, SSEN Transmission or SEPD is the Issuer.

<sup>4</sup> Only applicable where SSE is the Issuer.

- (ii) *Other Notes*: The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 6(c), <sup>3</sup>[Condition 6(e)(ii)], <sup>4</sup>[Condition 6(e)(iii)] or <sup>4</sup>[Condition 6(e)(iv)] or upon it becoming due and payable as provided in Condition 11, shall be the Final Redemption Amount unless otherwise specified hereon, subject in each case to adjustment in accordance with Condition 7 if Indexation is specified hereon.
- (c) **Redemption for Taxation Reasons**: The Notes may be redeemed at the option of the Issuer in whole, but not in part on any Interest Payment Date (if this Note is either a Floating Rate Note or a RPI Linked Note) or at any time (if this Note is neither a Floating Rate Note nor a RPI Linked Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at their Early Redemption Amount (as described in Condition 6(b) above) (together with interest accrued to the date fixed for redemption), if (i) the Issuer satisfies the Trustee immediately before the giving of such notice that it has or will become obliged to pay additional amounts as described under Condition 9 as a result of any change in, or amendment to, the laws or regulations of the United Kingdom or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Before the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee (i) a certificate signed by two directors of the Issuer stating that the obligation referred to in (i) above cannot be avoided by the Issuer taking reasonable measures available to it and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out in (ii) above in which event it shall be conclusive and binding on Noteholders and the Couponholders and (ii) an opinion in a form satisfactory to the Trustee of independent legal advisers of recognised standing to whom the Trustee shall have no reasonable objection to the effect that such amendment or change has occurred (irrespective of whether such amendment or change is then effective).
- (d) **Redemption at the Option of the Issuer**: If Call Option is specified hereon, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem all or, if so provided, some of the Notes on any Optional Redemption Date (that is, if the Issuer Maturity Par Call is specified to be applicable hereon, more than 90 days prior to the Maturity Date). Any such redemption of Notes shall be at the Optional Redemption Amount specified hereon together with interest accrued to the date fixed for redemption, subject in each case to adjustment in accordance with Condition 7 if Indexation is specified hereon. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

If Make-Whole Redemption is specified hereon, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem all or, if so provided, some of the Notes on any Make-Whole Redemption Date (that is, if the Issuer Maturity Par Call is specified to be applicable hereon, more than 90 days prior to the Maturity Date). Any such redemption of Notes shall be at the Make-Whole Amount which shall be equal to the higher of the following, in each case together with interest accrued to (but excluding) the Make-Whole Redemption Date, and subject in each case to adjustment in accordance with Condition 7 if Indexation is specified hereon: (a) 100 per cent. of the nominal amount of the Notes being redeemed; or (b) the price (as reported to the Issuer and the Calculation Agent by the Financial Adviser and expressed as a percentage) that provides for a Gross Redemption Yield on such Notes on the Reference Date equal

(after adjusting for any difference in compounding frequency) to the Reference Bond Rate at the Specified Time on the Reference Date, plus the Redemption Margin (if any).

Where:

**“Financial Adviser”** means an investment banking, accountancy, appraisal or financial advisory firm with international standing that has (in the reasonable opinion of the Issuer) appropriate expertise relevant to the determination required to be made under this Condition 6(d) selected by the Issuer and approved by the Trustee.

**“Gross Redemption Yield”** means a yield expressed as a percentage and calculated by the Financial Adviser in accordance with generally accepted market practice.

**“Redemption Margin”** shall be as specified hereon.

**“Reference Bond(s)”** means, as at the Reference Date, a current on-the-run government security or securities having an actual or, where there is more than one Reference Bond, interpolated maturity comparable with the remaining term of the Notes that would be utilised in accordance with generally accepted market practice in pricing new issues of corporate debt securities denominated in the same currency as the Notes and of a comparable maturity to the remaining term of the Notes (if the Notes were to remain outstanding to the Maturity Date), as determined by the Financial Adviser.

**“Reference Bond Rate”** means the actual or, where there is more than one Reference Bond, interpolated, yield per annum calculated by the Financial Adviser in accordance with generally accepted market practice by reference to the arithmetic mean of the middle market prices provided by three Reference Dealers for the Reference Bond(s) having an actual or interpolated maturity equal to the remaining term of the Notes (if the Notes were to remain outstanding to the Maturity Date).

**“Reference Date”** means the fifth London Business Day prior to the Make-Whole Redemption Date.

**“Reference Dealer”** means a bank selected by the relevant Issuer or its affiliates in consultation with the Financial Adviser which is (A) a primary government securities dealer, or (B) a market maker in pricing corporate bond issues.

**“Specified Time”** shall be as specified hereon.

All notifications, opinions, determinations, certifications, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 6(d) by the Financial Adviser, shall (in the absence of negligence, wilful default, manifest error or bad faith) be binding on the Issuer, the Calculation Agent and the Trustee, the Paying Agents and all Noteholders and the Couponholders and (in the case of Registered Notes) the Registrar and the Transfer Agents and (in the absence as aforesaid) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Financial Adviser in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to the provisions of this Condition 6(d).

Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place as the Trustee may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

(e) **Redemption at the Option of Noteholders:**

- (i) If General Put Option is specified hereon, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon, the "**Notice Period**") redeem such Note on the Optional Redemption Date(s) at the Optional Redemption Amount specified hereon together with interest accrued to the date fixed for redemption, subject in each case to adjustment in accordance with Condition 7 if Indexation is specified hereon.
- (ii) This Condition 6(e)(ii) applies only where SHEPD, SSEN Transmission or SEPD is the Issuer.

If Restructuring Event Put Option is specified hereon and if, at any time while any of the Notes remains outstanding, a Restructuring Event occurs and prior to the commencement of or during the Restructuring Period an Independent Financial Adviser shall have certified in writing to the Trustee that such Restructuring Event will not be or is not, in its opinion, materially prejudicial to the interests of the Noteholders, the following provisions of this Condition 6(e)(ii) shall cease to have any further effect in relation to such Restructuring Event.

If Restructuring Event Put Option is specified hereon and if, at any time while any of the Notes remains outstanding, a Restructuring Event occurs and (subject to the above paragraph):

- (A) within the Restructuring Period, either:
  - (I) if at the time such Restructuring Event occurs the Notes are rated, a Rating Downgrade in respect of such Restructuring Event also occurs; or
  - (II) if at such time the Notes are not rated, a Negative Rating Event also occurs;
- (B) in making any decision to downgrade or withdraw a credit rating pursuant to paragraphs (i) and (ii) above, the relevant Rating Agency announces publicly or confirms in writing to the Issuer or the Trustee that such decision(s) resulted, in whole or in part, from the occurrence of the Restructuring Event (the "**Confirmation**"); and
- (C) an Independent Financial Adviser shall have certified in writing to the Trustee that such Restructuring Event is, in its opinion, materially prejudicial to the interests of the Noteholders (a "**Negative Certification**"),

then, unless at any time the Issuer shall have given a notice under Condition 6(c), 6(d), 6(f), 6(g) or 6(h) the holder of each Note will, upon the giving of a Put Event Notice (as defined below), have the option (the "**Restructuring Event Put Option**") to require the Issuer to redeem or, at the option of the Issuer, purchase (or procure the purchase of) that Note on the date which is seven days after the expiration of the Put Period (as defined below) (or such other date as may be specified hereon, the "**Put Date**"), at the Restructuring Event Redemption Amount specified hereon together with (or, where purchased, together with an amount equal to) interest (if any) accrued to (but excluding) the Put Date subject in each case to adjustment in accordance with Condition 7 if Indexation is specified hereon.

An event shall be deemed not to be a Restructuring Event if, notwithstanding the occurrence of a Rating Downgrade or a Negative Rating Event, the rating assigned to the Notes by any Rating Agency is subsequently increased to, or, as the case may be, there is assigned to the Notes an investment grade credit rating (BBB-/Baa3 or their respective equivalents for the time being) or better prior to any Negative Certification being issued.

Any certification by an Independent Financial Adviser as aforesaid as to whether or not, in its opinion, any Restructuring Event is materially prejudicial to the interests of the Noteholders shall,

in the absence of manifest error, be conclusive and binding on the Trustee, the Issuer and the Noteholders.

- (iii) This Condition 6(e)(iii) applies only where SSE is the Issuer:

If Change of Control Put Option is specified hereon and if, at any time while any of the Notes remains outstanding, a Change of Control occurs and:

- (A) on the date (the “**Relevant Announcement Date**”) that is the earlier of (1) the date of the first public announcement of the relevant Change of Control and (2) the date of the earliest Relevant Potential Change of Control Announcement (if any), the Notes carry:

- (I) a credit rating from any Rating Agency and there occurs, within the Change of Control Period, a Change of Control Rating Downgrade; or
- (II) no credit rating and a Change of Control Negative Rating Event also occurs within the Change of Control Period,

provided that an event shall be deemed not to be a Change of Control if, notwithstanding the occurrence of a Change of Control Rating Downgrade or a Change of Control Negative Rating Event, the rating assigned to the Notes by any Rating Agency is subsequently increased to, or, as the case may be, there is assigned to the Notes an investment grade credit rating (BBB-/Baa3 or their respective equivalents for the time being) or better within the Change of Control Period; and

- (B) in making any decision to downgrade or withdraw a credit rating pursuant to paragraphs (I) and (II) above or not to award a credit rating of at least investment grade as described in paragraph (ii) of the definition of Change of Control Negative Rating Event, the relevant Rating Agency announces publicly or confirms in writing to the Issuer or the Trustee that such decision(s) resulted, in whole or in part, from the occurrence of the Change of Control or the Relevant Potential Change of Control Announcement (the “**Confirmation**”),

then, unless at any time the Issuer shall have given a notice under Condition 6(c), 6(d), 6(f), 6(g) or 6(h) the holder of each Note will, upon the giving of a Put Event Notice (as defined below), have the option (the “**Change of Control Put Option**”) to require the Issuer to redeem or, at the option of the Issuer, purchase (or procure the purchase of) that Note on the date which is seven days after the expiration of this Put Period (as defined below) (or such other date as may be specified hereon, the “**Put Date**”), at the Change of Control Redemption Amount specified hereon together with (or, where purchased, together with an amount equal to) interest (if any) accrued to (but excluding) the Put Date, subject in each case to adjustment in accordance with Condition 7 if Indexation is specified hereon.

- (iv) This Condition 6(e)(iv) applies only where SSE is the Issuer:

If SSE Restructuring Event Put Option is specified hereon and as soon as reasonably practicable after the occurrence of a SSE Restructuring Event, the Issuer shall make a Public Announcement and if, within the SSE Restructuring Period, either:

- (A) (if at the time that the SSE Restructuring Event occurs there are Rated Securities) a SSE Rating Downgrade in respect of the SSE Restructuring Event occurs; or
- (B) (if at the time that the SSE Restructuring Event occurs there are no Rated Securities) a SSE Negative Rating Event in respect of the SSE Restructuring Event occurs,

(the SSE Restructuring Event and SSE Rating Downgrade or the SSE Restructuring Event and SSE Negative Rating Event, as the case may be, occurring within the SSE Restructuring Period, together called a “**SSE Restructuring Event Put Event**”),

then, unless the Issuer shall have previously given a notice under Condition 6(c), 6(d), 6(f), 6(g) or 6(h) the holder of each Note will have the option (the “**SSE Restructuring Event Put Option**”) upon the giving of Put Event Exercise Notice (as defined below) to require the Issuer to redeem or, at the option of the Issuer, purchase (or procure the purchase of) such Note on the date which is seven days after the expiration of the Put Period (as defined below) (or such other date as may be specified hereon, the “**Put Date**”) at the SSE Restructuring Event Redemption Amount specified hereon together with (or, where purchased, together with an amount equal to) interest (if any) accrued to (but excluding) the Put Date, subject in each case to adjustment in accordance with Condition 7 if Indexation is specified hereon.

The Issuer shall, forthwith upon becoming aware of the occurrence of any event which may (after taking into account all (if any) other relevant events in relation to Disposed Assets for the purpose of this Condition 6(e)(iv)) result in a SSE Restructuring Event (a “**Potential SSE Restructuring Event**”) (a) provide the Trustee with the relevant Directors’ Report and (b) to the extent permitted by the terms of the engagement letter between the Issuer and the Reporting Accountants, provide or procure that the Reporting Accountants provide the Trustee with a copy of the Accountants’ Report. The Directors’ Report and the Accountants’ Report shall, in the absence of manifest error, be conclusive and binding on the Issuer, the Trustee and the Noteholders. The Trustee shall be entitled to act, or not act, and rely on without being expected to verify the accuracy of the same (and shall have no liability to Noteholders for doing so) any Directors’ Report and/or any Accountants’ Report provided to it (whether or not addressed to it).

- (v) Promptly upon, and in any event within 14 days after, the Issuer becoming aware that a <sup>5</sup>[Restructuring Event Put Event], <sup>6</sup>[Change of Control Put Event] or <sup>6</sup>[SSE Restructuring Event Put Event] has occurred, the Issuer shall, and at any time upon the Trustee becoming similarly so aware the Trustee may, and if so requested by the holders of at least one-quarter in nominal amount of the Notes then outstanding, the Trustee shall (subject to it being indemnified and/or secured to its satisfaction), give notice (a “**Put Event Notice**”) to the Noteholders in accordance with Condition 17 specifying the nature of the <sup>5</sup>[Restructuring Event Put Event], <sup>6</sup>[Change of Control Put Event] or <sup>6</sup>[SSE Restructuring Event Put Event] and the procedure for exercising the <sup>5</sup>[Restructuring Event Put Option], <sup>6</sup>[Change of Control Put Option] or <sup>6</sup>[SSE Restructuring Event Put Option].

If the rating designations employed by any of Moody’s, S&P or Fitch are changed from those which are described in the definition of <sup>5</sup>[Rating Downgrade], <sup>6</sup>[Change of Control Rating Downgrade] or [SSE Rating Downgrade] below, or if a rating is procured from a Substitute Rating Agency, the Issuer shall determine, with the agreement of the Trustee, the rating designations of Moody’s, S&P or Fitch or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of Moody’s, S&P or Fitch and this Condition 6 shall be construed accordingly.

The Trust Deed provides that the Trustee is under no obligation to ascertain whether <sup>5</sup>[a Restructuring Event, a Negative Rating Event or a Potential Restructuring Event (as defined in the Trust Deed)], <sup>6</sup>[a Change of Control Put Event, Change of Control, a Change of Control Negative Rating Event or any event which could lead to the occurrence of or could constitute a Change of Control] or <sup>6</sup>[a SSE Restructuring Event, a SSE Negative Rating Event or a Potential

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<sup>5</sup> Only applicable where SHEPD, SSEN Transmission or SEPD is the Issuer.

<sup>6</sup> Only applicable where SSE is the Issuer.

SSE Restructuring Event] has occurred and until it shall have actual knowledge or express notice pursuant to the Trust Deed to the contrary the Trustee may assume without liability to any person for so doing that no such event has occurred. The Trust Deed also provides that in determining whether or not a <sup>5</sup>[Restructuring Event] or <sup>6</sup>[SSE Restructuring Event] has occurred, the Trustee shall be entitled, but not bound, to rely solely on an opinion given in a certificate signed by two directors of the Issuer.

To exercise any option specified in this Condition 6(e) the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice (“**Exercise Notice**”) in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the Notice Period or 30 days after a Put Event Notice is given (or such other put period as may be specified hereon, the “**Put Period**”), as applicable. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

- (f) **Redemption for Index Reasons:** If Indexation is specified hereon and if the Index (as defined in Condition 7) ceases to be published or any changes are made to it which, in the opinion of the Expert (as defined in Condition 7), constitute a fundamental change in the rules governing the Index and the change would, in the opinion of the Expert, be detrimental to the interests of the Noteholders and if the Expert fails within 30 days after its appointment (or such longer period as the Trustee considers reasonable), or states to the Issuer and the Trustee that it is unable, to recommend for the purposes of the Notes any adjustments to the Index or any substitute index (with or without adjustments) as described in Condition 7(b)(iii), the Issuer shall, within 14 days after the expiry of such period or (as the case may be) after the date of such statement, give notice (which shall be irrevocable and shall state the date fixed for redemption which shall be not more than 15 days after the date on which the notice is given) to redeem the Notes then outstanding, at a price equal to their outstanding nominal amount as adjusted for indexation in accordance with Condition 7 together (where applicable) with accrued interest on the outstanding nominal amount to the date fixed for redemption (as adjusted as aforesaid).

If the Index ceases to be published or any changes are made to it which, in the opinion of the Expert, constitute a fundamental change in the rules governing the Index and the change would, in the opinion of the Expert, be detrimental to the interests of the Issuer and if the Expert fails within 30 days after its appointment (or such longer period as the Trustee considers reasonable), or states to the Issuer and the Trustee that it is unable to recommend for the purposes of the Notes any adjustments to the Index or any substitute index (with or without adjustments) as described in Condition 7(b)(iii), the Issuer may at its option, within 14 days after the expiry of such period or (as the case may be) after the date of such statement, give notice (which shall be irrevocable and shall state the date fixed for redemption which shall be not more than 15 days after the date on which the notice is given) to redeem the Notes then outstanding, at a price equal to their nominal amount as adjusted for indexation in accordance with Condition 7, together (where applicable) with accrued interest on the outstanding nominal amount to the date fixed for redemption (as adjusted as aforesaid).

- (g) **Redemption at the option of the Issuer (Issuer Maturity Par Call):** If Issuer Maturity Par Call is specified hereon, the Issuer may, on giving not less than 15 nor more than 30 days’ irrevocable notice to the Noteholders (or such other notice period as may be specified hereon), redeem the Notes in whole, but not in part, at any time during the period commencing on (and including) the day that is 90 days prior to the Maturity Date to (but excluding) the Maturity Date, at the Final Redemption Amount specified hereon together with interest accrued (if any) to (but excluding) the date fixed for redemption, subject to adjustment in accordance with Condition 7 if Indexation is specified hereon.

- (h) **Clean-Up Call Option:** If Clean-Up Call Option is specified hereon and immediately prior to the giving of the notice referred to below, a Clean-Up Call Event has occurred then the Issuer may, subject to having given not less than 30 nor more than 60 days' irrevocable notice to the Noteholders, redeem the Notes in whole, but not in part, on the date specified in such notice at the Clean-Up Redemption Amount (which, unless otherwise specified hereon, shall be their principal amount), together with interest accrued (if any) to (but excluding) the date fixed for redemption, subject to adjustment in accordance with Condition 7 if Indexation is specified hereon.
- (i) **Purchases:** The Issuer and any of its Subsidiaries may at any time purchase Notes (provided that all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.
- (j) **Cancellation:** All Notes purchased by or on behalf of the Issuer or any of its Subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

## 7 INDEXATION

If Indexation is specified hereon:

- (a) **Indexation:**
  - (i) The redemption amount payable pursuant to Condition 6(a), 6(b), 6(c), 6(d), 6(e), 6(f), 6(g) or 6(h) and the amount payable pursuant to Condition 11 upon repayment of the Notes, as the case may be, shall be the Early Redemption Amount, the Optional Redemption Amount, the Make-Whole Amount, <sup>7</sup>[the Restructuring Event Redemption Amount], <sup>8</sup>[the Change of Control Redemption Amount], <sup>2</sup>[the SSE Restructuring Event Redemption Amount] or the outstanding nominal amount of the Notes, as the case may be, multiplied by the Index Ratio applicable to the date on which such redemption amount or repayment becomes payable.

Interest on the Notes shall be calculated at the Rate of Interest specified hereon multiplied by the Index Ratio applicable to the date on which such payment falls to be made and rounded to six decimal places (0.0000005 being rounded upwards). The amount of interest payable on each Note shall be calculated in accordance with Condition 5(f).

The Calculation Agent will calculate such redemption amount, repayment amount, amount of interest or rate of interest (as the case may be) as soon as practicable after each time such amount or rate is capable of being determined and will notify the Issuing and Paying Agent thereof as soon as practicable after calculating the same. The Issuing and Paying Agent will as soon as practicable thereafter notify the Issuer and any stock exchange on which the Notes are for the time being listed thereof and cause notice thereof to be published in accordance with Condition 17.

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<sup>7</sup> Only applicable where SHEPD, SSEN Transmission, or SEPD is the Issuer

<sup>8</sup> Only applicable where SSE is the Issuer

(ii) *Definitions:* For the purposes of these Conditions:

“**Base Index Figure**” means, subject as provided in Condition 7(b) below, the Base Index Figure specified hereon;

“**Calculation Date**” means any date when a payment of interest or, as the case may be, principal falls due;

“**Expert**” means an independent investment bank or other expert in London appointed by the Issuer and approved by the Trustee or (failing such appointment within 10 days after the Trustee shall have requested such appointment) appointed by the Trustee;

“**Index**” or “**Index Figure**” means, in relation to any calculation month (as defined in Condition 7(b)(ii)(A)), subject as provided in Conditions 6(f) and 7(b), the United Kingdom General Index of Retail Prices (for all items) as published by the Office for National Statistics (January 1987=100) as published by HM Government (currently contained in the Monthly Digest of Statistics) and applicable to such calculation month or, if that index is not published for any calculation month, any substituted index or index figures published by the Office for National Statistics or the comparable index which replaces the United Kingdom General Index of Retail Prices (for all items) for the purpose of calculating the amount payable on repayment of the Reference Gilt;

Any reference to the “**Index Figure applicable**” to a particular Calculation Date shall, subject as provided in Condition 7(b) below, and if “3 months lag” is specified hereon, be calculated in accordance with the following formula:

$$\text{IFA} = \text{RPI}_{m-3} \frac{(\text{Day of Calculation Date}-1)}{(\text{Days in month of Calculation Date})} \times (\text{RPI}_{m-2} - \text{RPI}_{m-3})$$

and rounded to five decimal places (0.000005 being rounded upwards) and where:

“**IFA**” means the Index Figure applicable;

“**RPI<sub>m-3</sub>**” means the Index Figure for the first day of the month that is three months prior to the month in which the payment falls due;

“**RPI<sub>m-2</sub>**” means the Index Figure for the first day of the month that is two months prior to the month in which the payment falls due;

Any reference to the “**Index Figure applicable**” to a particular Calculation Date shall, subject as provided in Condition 7(b) below, and if “8 months lag” is specified hereon, be calculated in accordance with the following formula:

$$\text{IFA} = \text{RPI}_{m-8} \frac{(\text{Day of Calculation Date}-1)}{(\text{Days in month of Calculation Date})} \times (\text{RPI}_{m-7} - \text{RPI}_{m-8})$$

and rounded to five decimal places (0.000005 being rounded upwards) and where:

“**IFA**” means the Index Figure applicable;

“**RPI<sub>m-8</sub>**” means the Index Figure for the first day of the month that is eight months prior to the month in which the payment falls due;

“**RPI<sub>m-7</sub>**” means the Index Figure for the first day of the month that is seven months prior to the month in which the payment falls due;

“**Index Ratio**” applicable to any Calculation Date means the Index Figure applicable to such date divided by the Base Index Figure and rounded to five decimal places (0.000005 being rounded upwards); and

“**Reference Gilt**” means the Reference Gilt specified hereon (or, if such stock is not in existence, such other index-linked stock issued by or on behalf of HM Government as the Issuer, on the advice of three leading brokers and/or gilt edged market makers (or such other three persons operating in the gilt edged market as the Issuer subject to the approval of the Trustee, may select), may consider to be the most appropriate reference government stock for the Notes).

(b) **Changes in Index:**

(i) *Change in base:* If at any time the Index is changed by the substitution of a new base for it, then with effect from (and including) the date from and including that on which such substitution takes effect:

(A) the definition of Index and Index Figure in Condition 7(a) shall be deemed to refer to the new date in substitution for January 1987 (or, as the case may be, for such other date or month as may have been substituted for it); and

(B) the definition of Base Index Figure in Condition 7(a) shall be amended to mean the product of the then-applicable Base Index Figure and the Index immediately following such substitution, divided by the Index immediately prior to such substitution.

(ii) *Delay in publication of the Index:*

(A) If, in relation to a particular payment of interest or to the redemption of the Notes and otherwise than in circumstances which the Issuer certifies to the Trustee may fall within Condition 7(b)(iii) or 6(f) (notwithstanding that the Issuer may subsequently be advised that they do not fall within Condition 7(b)(iii) or 6(f)), the Index Figure relating to any month (the “**calculation month**”) which is required to be taken into account for the purposes of the determination of the Index Figure applicable for any date is not published on or before the fourteenth day before the date on which such payment is due (the “**date for payment**”), the Index Figure relating to the relevant calculation month shall be the substitute index figure (if any) as is published by the Bank of England or the United Kingdom Debt Management Office (or such other United Kingdom authority as may be appropriate) for the purposes of indexation of payments on the Reference Gilt or, failing such publication, on any one or more of HM Government’s index-linked stocks, as determined by the Expert; or

(B) if no such determination is made by the Expert within seven days, the Index Figure last published before the date for payment.

Where the provisions of this Condition 7(b)(ii) apply, the certificate of the Issuer, acting on the advice of an Expert, as to the Index Figure applicable to the date for payment falls shall be conclusive and binding upon the Issuer, the Trustee and the Noteholders. If a substitute index is published as specified in (A) above, a determination made based on that index shall be final and no further payment by way of adjustment shall be made, notwithstanding that the Index Figure applicable to the date for payment may subsequently be published. If no substitute index is so published and the Index relating to the date for payment is subsequently published, then:

(x) in the case of any Note not falling due for redemption on the date for payment, if the Index so subsequently published (if published while that Note remains outstanding) is greater or less than the Index applicable by virtue of (B) above, the interest payable on that Note on the Interest Payment Date next succeeding the date of such subsequent publication shall be increased or reduced to reflect the amount by which the interest payable on that Note on the date for payment on the basis of the Index applicable by virtue of (B) above fell short of, or (as the case may be) exceeded the interest which would have been payable on

that Note if the Index subsequently published had been published on or before the second business day before the date for payment; or

- (y) in the case of any Note falling due for final redemption on the date for payment, no subsequent adjustment to amounts paid will be made.
- (iii) *Cessation of or fundamental changes to the Index*: If the Index ceases to be published or any changes are made to it which, in the opinion of an Expert, constitute a fundamental change in the rules governing the Index and the change would, in the opinion of the Expert, be detrimental to the interests of the Issuer or the Noteholders and if, within 30 days after its appointment (or such longer period as the Trustee may consider reasonable), the Expert recommends for the purposes of the Notes one or more adjustments to the Index or a substitute index (with or without adjustments), then provided that such adjustments or substitute index (as the case may be) are not materially detrimental (in the opinion of the Expert) either to the interests of the Issuer or the interests of the Noteholders, as compared to the interests of the Issuer and the Noteholders (as the case may be) as they would have been had the Index continued to be published or such fundamental change in the rules governing the Index not been made, the Index shall be adjusted as so recommended or (as the case may be) shall be replaced by the substitute index so recommended (as so adjusted, if so recommended) and references in these Conditions to the Index shall be construed accordingly and the Issuer shall notify the Noteholders of the adjustments to the Index or the introduction of the substitute index (with or without adjustments) in accordance with Condition 17.

If any payment in respect of the Notes is due to be made after the cessation or changes referred to in the preceding paragraph but before any such adjustment to, or replacement of, the Index takes effect, the Issuer shall (if the Index Figure applicable (or deemed applicable) to the date for payment is not available in accordance with the provisions of Condition 7(a)) make a provisional payment on the basis that the Index Figure applicable to the date for payment is the Index last published. In that event or in the event of any payment on the Notes having been made on the basis of an Index deemed applicable under Condition 7(b)(ii)(A) above (also referred to below as a “**provisional payment**”) and of the Trustee on the advice of the Expert (on which it may rely solely without liability to any person for so doing) subsequently determining that the relevant circumstances fall within this Condition 7(b)(iii), then:

- (A) except in the case of a payment on redemption of the Notes, if the sum which would have been payable if such adjustments or such substitute index had been in effect on the due date for such provisional payment is greater or less than the amount of such provisional payment, the interest payable on the Notes on the Interest Payment Date next succeeding the last date by which the Issuer and Trustee receive such recommendation shall be increased or reduced to reflect the amount by which such provisional payment of interest fell short of, or (as the case may be) exceeded, the interest which would have been payable on the Notes if such adjustments or such substituted index had been in effect on that date; or
- (B) in the case of a payment of principal or interest on redemption of the Notes, no subsequent adjustment to amounts paid will be made.
- (iv) *Trustee*: The Trustee shall be entitled to assume that no cessation of or change to the Index has occurred until informed otherwise by the Issuer and will not be responsible for identifying or appointing an Expert save as provided in these Conditions.

- (c) **Appointment of Expert:** At any time when under these Conditions it is necessary to have, or the Trustee requests, the appointment of an Expert, the Issuer shall take such steps as are necessary to appoint an Expert approved by the Trustee and at the expense of the Issuer.

## 8 PAYMENTS AND TALONS

- (a) **Bearer Notes:** Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 8(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 8(f)(ii)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank. “**Bank**” means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to T2.
- (b) **Registered Notes:**
  - (i) Payments of principal in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
  - (ii) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Registered Note shall be made in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank.
- (c) **Payments in the United States:** Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.
- (d) **Payments subject to Fiscal Laws:** All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in the place of payment or other laws to which the Issuer agrees to be subject and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretation thereof, or any law implementing an intergovernmental approach thereto, and, save as provided in Condition 9, the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreement. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) **Appointment of Agents:** The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. If any additional Paying Agents are appointed in connection with the Notes, the names of such Paying Agents will be specified in the applicable Final Terms. The Issuing and Paying Agent,

the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time with the approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where these Conditions so require, (v) such other agents as may be required by any other stock exchange on which the Notes may be listed in each case, as approved by the Trustee.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in Condition 8(c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

**(f) Unmatured Coupons and unexchanged Talons:**

- (i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes (other than RPI Linked Notes), such Bearer Notes should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Make-Whole Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 10).
- (ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, or RPI Linked Note, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexpired Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Where any Bearer Note that provides that the relative unexpired Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unexpired Coupons, and where any Bearer Note is presented for redemption without any unexpired Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may reasonably require.
- (v) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

- (g) Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 10).

- (h) **Non-Business Days:** If any date for payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, “**business day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as “**Financial Centres**” hereon and:
- (i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or
  - (ii) (in the case of a payment in euro) which is a TARGET Business Day.

## 9 TAXATION

All payments of principal, premium and interest by or on behalf of the Issuer in respect of the Notes and the Coupons shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (“**Taxes**”) imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts (“**Additional Amounts**”) as shall result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable with respect to any Note or Coupon:

- (a) **Other connection:** to, or to a third party on behalf of, a holder who is liable to such Taxes in respect of such Note or Coupon by reason of his having some connection with the United Kingdom other than the mere holding of the Note or Coupon; or
- (b) **Presentation more than 30 days after the Relevant Date:** presented (or in respect of which the Certificate representing the relevant Note is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such Additional Amounts on presenting it for payment on the thirtieth day.

References in these Conditions to principal, premium and/or any other amount in respect of interest shall be deemed to include any Additional Amounts which may become payable pursuant to the foregoing provisions or any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

Notwithstanding anything to the contrary contained herein, the Issuer shall be entitled to withhold and deduct any amounts required to be deducted or withheld in respect of payment of principal and/or interest made by it in respect of the Notes and the Coupons pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended, (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement) (any such withholding or deduction, a “**FATCA Withholding**”), and neither the Issuer nor any other person shall be required to pay any Additional Amounts in respect of FATCA Withholding.

As used in these Conditions, “**Relevant Date**” in respect of any Note or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relevant Certificate) or Coupon being made in accordance with these Conditions, such payment will be made, provided

that payment is in fact made upon such presentation. References in these Conditions to (i) “**principal**” shall be deemed to include any premium payable in respect of the Notes, all Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Make-Whole Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) “**principal**” and/or “**interest**” shall be deemed to include any Additional Amounts that may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Trust Deed.

## 10 PRESCRIPTION

Claims against the Issuer for payment in respect of the Notes and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

## 11 EVENTS OF DEFAULT

If any of the following events (“**Events of Default**”) occurs and is continuing, the Trustee at its discretion may, and if so requested by holders of at least one-quarter in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, subject to it being indemnified and/or secured to its satisfaction, give notice to the Issuer that the Notes are, and they shall thereupon immediately become, due and payable at their Early Redemption Amount together (if applicable) with accrued interest, subject in each case to adjustment in accordance with Condition 7 if Indexation is specified hereon:

- (i) **Non-Payment:** default is made for a period of 14 days or more in the payment of any principal or 21 days or more in the payment of any interest due in respect of the Notes or any of them; or
- (ii) **Breach of Other Obligations:** the Issuer fails to perform or observe any of its other obligations under the Notes or the Trust Deed and (except where the Trustee shall have certified to the Issuer in writing that it considers such failure to be incapable of remedy in which case no such notice or continuation as is hereinafter mentioned will be required) such failure continues for the period of 60 days (or such longer period as the Trustee may in its absolute discretion permit) next following the service by the Trustee of notice on the Issuer requiring the same to be remedied; or
- (iii) **Cross-Acceleration:** (A) any other Indebtedness For Borrowed Money of the Issuer or any Principal Subsidiary becomes due and repayable prior to its stated maturity by reason of an event of default or (B) any such Indebtedness For Borrowed Money is not paid when due or, as the case may be, within any applicable grace period (as originally provided) or (C) the Issuer or any Principal Subsidiary fails to pay when due (or, as the case may be, within any originally applicable grace period) any amount payable by it under any present or future guarantee for, or indemnity in respect of, any Indebtedness For Borrowed Money of any person or (D) any security given by the Issuer or any Principal Subsidiary for any Indebtedness For Borrowed Money of any person or for any guarantee or indemnity of Indebtedness For Borrowed Money of any person becomes enforceable by reason of default in relation thereto and steps are taken to enforce such security, save in any such case where there is a bona fide dispute as to whether the relevant Indebtedness For Borrowed Money or any such guarantee or indemnity as aforesaid shall be due and payable, provided that the aggregate amount of the relevant Indebtedness For Borrowed Money in respect of which any one or more of the events mentioned above in this paragraph (iii) has or have occurred equals or exceeds whichever is the greater of £20,000,000 or its equivalent in other currencies (as determined by the Trustee) or two per cent, of Capital and Reserves, and for the purposes of this paragraph (iii), “Indebtedness For Borrowed Money” shall exclude Project Finance Indebtedness; or

- (iv) **Winding up — Issuer:** any order shall be made by any competent court or any resolution shall be passed for the winding up or dissolution of the Issuer, save for the purposes of amalgamation, merger, consolidation, reorganisation, reconstruction or other similar arrangement on terms previously approved in writing by the Trustee (such approval not to be unreasonably withheld or delayed having regard to the interests of Noteholders) or by an Extraordinary Resolution of the Noteholders; or
- (v) **Winding up — Principal Subsidiary:** any order shall be made by any competent court or any resolution shall be passed for the winding up or dissolution of a Principal Subsidiary, save for the purposes of amalgamation, merger, consolidation, reorganisation, reconstruction or other similar arrangement (A) not involving or arising out of the insolvency of such Principal Subsidiary and under which all the surplus assets of such Principal Subsidiary are transferred to the Issuer or any of its other Subsidiaries (other than an Excluded Subsidiary) or (B) the terms of which have previously been approved in writing by the Trustee (such approval not to be unreasonably withheld or delayed having regard to the interests of Noteholders) or by an Extraordinary Resolution of the Noteholders; or
- (vi) **Cessation of Business:** the Issuer or any Principal Subsidiary shall cease to carry on the whole or substantially the whole of its business, save in each case for the purposes of amalgamation, merger, consolidation, reorganisation, reconstruction or other similar arrangement (A) not involving or arising out of the insolvency of the Issuer or such Principal Subsidiary and under which all or substantially all of its assets are transferred to another member or members of the Group (other than an Excluded Subsidiary) or to a transferee or transferees which is or are, or immediately upon such transfer become(s), a Principal Subsidiary or Principal Subsidiaries or (B) under which all or substantially all of its assets are transferred to a third party or parties (whether associates or not) for full consideration by the Issuer or a Principal Subsidiary on an arm's length basis or (C) the terms of which have previously been approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders,<sup>9</sup>[provided that if neither the Issuer nor any Relevant Subsidiary holds the Distribution Licence, the Issuer shall be deemed to have ceased to carry on the whole or substantially the whole of its business (and neither of exceptions (A) and (B) shall apply)]; or
- (vii) **Insolvency:** the Issuer or any Principal Subsidiary shall suspend or announce its intention to suspend payment of its debts generally or shall be declared or adjudicated by a competent court to be unable, or shall admit in writing its inability, to pay its debts generally (within the meaning of Section 123(1) or (2) of the Insolvency Act 1986) as they fall due, or shall be adjudicated or found insolvent by a competent court or shall enter into any composition or other similar arrangement with its creditors generally under Section 1 of the Insolvency Act 1986; or
- (viii) **Security Enforced:** a receiver, administrative receiver, administrator or other similar official shall be appointed in relation to the Issuer or any Principal Subsidiary or in relation to the whole or a substantial part of the undertaking or assets of any of them or a distress, execution or other process shall be levied or enforced upon or sued out against, or any encumbrancer shall take possession of, the whole or a substantial part of the assets of any of them and in any of the foregoing cases it or he shall not be paid out or discharged within 90 days (or such longer period as the Trustee may in its absolute discretion permit),

provided that in the case of paragraphs (ii), (iii), (v), (vi), (viii) and (other than in relation to the Issuer) (vii) the Trustee shall have certified that in its opinion such event is materially prejudicial to the interests of the Noteholders.

For the purposes of paragraph (vii) above, Section 123(1)(a) of the Insolvency Act 1986 shall have effect as if for “£750” there was substituted “£250,000”. Neither the Issuer nor any Principal Subsidiary shall be deemed to be unable to pay its debts for the purposes of paragraph (vii) above if any such demand as is mentioned in

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<sup>9</sup> Only applicable where SHEPD, SSEN Transmission or SEPD is the Issuer.

Section 123(1)(a) of the Insolvency Act 1986 is being contested in good faith by the Issuer or the relevant Principal Subsidiary with recourse to all appropriate measures and procedures or if any such demand is satisfied before the expiration of such period as may be stated in any notice given by the Trustee under this Condition.

## 12 MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

- (a) **Meetings of Noteholders:** The Trust Deed contains provisions for convening meetings of Noteholders (including by way of telephone or video conference) to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Noteholders holding not less than 10 per cent, in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*:
- (i) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes,
  - (ii) to reduce or cancel the nominal amount of or any premium payable on redemption of, the Notes,
  - (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes,
  - (iv) if a Minimum and/or a Maximum Rate of Interest or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum,
  - (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount, the Optional Redemption Amount or the Make-Whole Amount, including the method of calculating the Amortised Face Amount,
  - (vi) to vary the currency or currencies of payment or denomination of the Notes, or
  - (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution,

in which case the necessary quorum shall be two or more persons holding or representing not less than two-thirds, or at any adjourned meeting not less than one-third, in nominal amount of the Notes for the time being outstanding.

The agreement or approval of the Noteholders shall not be required in the case of any variation of these Conditions and/or the Trust Deed required to be made in the circumstances described in Condition 5(k).

Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders. The Trust Deed provides that a resolution in writing signed by or on behalf of holders of not less than 90 per cent, of the aggregate nominal amount of Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held.

- (b) **Modification of the Trust Deed:** The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed that is, in its opinion, of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not

materially prejudicial to the interests of the Noteholders. In addition, the Trustee shall be obliged to concur with the Issuer in effecting any Benchmark Amendments in the circumstances and as otherwise set out in Condition 5(k). Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable.

- (c) **Substitution:** The Trustee may, without the consent of the Noteholders or Couponholders, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Notes, the Coupons and the Trust Deed of any Relevant Subsidiary or any wholly-owned Subsidiary (other than an Excluded Subsidiary) of the Issuer subject to (i) the Notes being unconditionally and irrevocably guaranteed by the Issuer,<sup>10</sup>[(ii) such Relevant Subsidiary or wholly-owned Subsidiary holding the Distribution Licence or, if and, to the extent that, such Relevant Subsidiary or wholly-owned Subsidiary or the Issuer does not hold the Distribution Licence, an unconditional and irrevocable guarantee in respect of the Notes being provided by the Relevant Subsidiary and/or a wholly-owned Subsidiary of the Issuer which holds the Distribution Licence,] (iii) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution and (iv) certain other conditions set out in the Trust Deed being complied with. Where the Notes are to have the benefit of a guarantee provided by the Issuer and a Relevant Subsidiary or a wholly-owned Subsidiary as aforesaid, such guarantee shall be on a joint and several basis.
- (d) **Entitlement of the Trustee:** In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

### 13 ENFORCEMENT

At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed, the Notes and the Coupons, but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-quarter in nominal amount of the Notes outstanding, and (b) it shall have been indemnified and/or secured to its satisfaction. No Noteholder or Couponholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

### 14 INDEMNIFICATION OF THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

### 15 REPLACEMENT OF NOTES, CERTIFICATES, COUPONS AND TALONS

If a Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to

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<sup>10</sup> Only applicable where SHEPD, SSEN Transmission or SEPD is the Issuer.

Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

## 16 FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other series where the Trustee so decides.

## 17 NOTICES

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the *Financial Times*). If in the opinion of the Trustee any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

## 18 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

## 19 DEFINITIONS

For the purposes of these Conditions:

“**Accountants’ Report**” means a report of the Reporting Accountants stating whether the amounts included in the calculation of the Operating Profit and the amount for Consolidated Operating Profit as included in the Directors’ Report have been accurately extracted from the accounting records of the Issuer and its consolidated subsidiaries and whether the Disposal Percentage included in the Directors’ Report has been correctly calculated which will be prepared pursuant to an engagement letter to be entered into by the Reporting Accountants and the Issuer.

The Issuer shall use reasonable endeavours to procure that there shall at the relevant time be Reporting Accountants who have (a) entered into an engagement letter with the Issuer which shall (i) not limit the liability

of the Reporting Accountants by reference to a monetary cap, (ii) permit the Trustee to receive a copy of, and rely upon, any Accountants' Reports produced by them and (iii) be available for inspection by Noteholders at the principal office of the Trustee or (b) agreed to provide Accountants' Reports on such other terms as the Issuer and the Trustee, in its absolute discretion, shall approve.

If the Issuer, having used reasonable endeavours, is unable to procure that there shall at the relevant time be Reporting Accountants who have entered into an engagement letter complying with (i) above, the Trustee may rely on an Accountants' Report (whether or not addressed to it) which contains a limit on the liability of the Reporting Accountants by reference to a monetary cap or otherwise.

**Investors should be aware that the engagement letter may contain a limit on the liability of the Reporting Accountants which may impact on the interests of Noteholders.**

If the Issuer, having used reasonable endeavours, is unable to procure that there shall at the relevant time be Reporting Accountants who have entered into an engagement letter complying with (ii) above, the Issuer shall procure that the Directors' Report shall state whether or not the Accountants Report confirms whether or not (x) the amounts referred to in the first paragraph of this definition have been so correctly extracted and (y) the relevant Disposal Percentage has been correctly calculated and, if applicable, shall give details of any respects in which the Accountants' Report reaches a different conclusion from that stated in the Directors' Report. In the event that the Accountants' Report does not confirm that such amounts have been correctly extracted and/or correctly calculated, the Issuer shall, as soon as reasonably practicable, provide the Trustee with a revised Directors' Report which states that the Accountants' Report confirms the details referred to in (x) and (y) above in relation to the contents of such revised Directors Report. The Trustee may rely upon the revised Directors' Report regardless of the contents of any previous Directors' Report delivered as contemplated by this paragraph.

The Issuer shall give notice in writing to the Trustee of the identity of the Reporting Accountants at any relevant time;

**"Balancing and Settlement Code"** means the document as may be modified from time to time, setting out the balancing and settling arrangements established by National Grid Electricity Transmission plc or any other successor system or operator pursuant to its distribution licence;

**"Capital and Reserves"** means the aggregate of:

- (i) the amount paid up or credited as paid up on the share capital of the Issuer; and
- (i) the total of the capital, revaluation and revenue reserves of the Group, including any share premium account, capital redemption reserve and credit balance on the profit and loss account, but excluding sums set aside for taxation and amounts attributable to minority interests and deducting any debit balance on the profit and loss account,

all as shown in the then latest audited consolidated balance sheet and profit and loss account of the Group prepared in accordance with generally accepted accounting principles in the United Kingdom, but adjusted as may be necessary in respect of any variation in the paid up share capital or share premium account of the Issuer since the date of that balance sheet and further adjusted as may be necessary to reflect any change since the date of that balance sheet in the Subsidiary Undertakings comprising the Group and/or as the Auditors (as defined in the Trust Deed) may consider appropriate.

A report by the Auditors as to the amount of the Capital and Reserves at any given time shall, in the absence of manifest error, be conclusive and binding on all parties;

**"Change of Control"** means the occurrence of an event whereby any person or any persons acting in concert (as defined in the City Code on Takeovers and Mergers), other than a holding company (as defined in Section 1159 of the Companies Act 2006 as amended) whose shareholders are or are to be substantially similar to the pre-existing shareholders of the Issuer, shall become interested (within the meaning of Part 22 of the Companies Act 2006 as amended) in (A) more than 50 per cent, of the issued or allotted ordinary share capital of the Issuer

or (B) shares in the capital of the Issuer carrying more than 50 per cent, of the voting rights normally exercisable at a general meeting of the Issuer;

“**Change of Control Period**” means the period commencing on the Relevant Announcement Date and ending 90 days after the Change of Control (or such longer period for which the Notes are under consideration (such consideration having been announced publicly within the period ending 90 days after the Change of Control) for rating review or, as the case may be, rating by a Rating Agency, such period not to exceed 60 days after the public announcement of such consideration);

a “**Change of Control Put Event**” occurs on the date of the last to occur of (a) a Change of Control, (b) either a Change of Control Rating Downgrade or, as the case may be, a Change of Control Negative Rating Event and (c) the Confirmation;

a “**Change of Control Rating Downgrade**” shall be deemed to have occurred in respect of a Change of Control if the then current rating assigned to the Notes by any Rating Agency at the invitation of the Issuer (or where there is no rating from any Rating Agency assigned at the invitation of the Issuer, the then current rating (if any) assigned to the Notes by any Rating Agency of its own volition) is withdrawn or reduced from an investment grade rating (BBB-/Baa3, or their respective equivalents for the time being, or better) to a non-investment grade rating (BB+/Ba1, or their respective equivalents for the time being, or worse) or, if the Rating Agency shall then have already rated the Notes below investment grade (as described above), the rating is lowered one full rating category (from BB+/Ba1 to BB/Ba2 or such similar lowering);

a “**Change of Control Negative Rating Event**” shall be deemed to have occurred if at such time as there is no rating assigned to the Notes by a Rating Agency (i) the Issuer does not, either prior to, or not later than 21 days after, the occurrence of the Change of Control seek, and thereafter throughout the Change of Control Period use all reasonable endeavours to obtain, a rating of the Notes, or any other unsecured and unsubordinated debt of the Issuer or (ii) if the Issuer does so seek and use such endeavours, it is unable to obtain such a rating of at least investment grade (BBB-/Baa3, or their respective equivalents for the time being) from a Rating Agency by the end of the Change of Control Period, provided that in either case, there is at least one Rating Agency in operation at such time from whom to obtain such a rating. If there is no Rating Agency so in operation no Change of Control Negative Rating Event shall be deemed to occur;

“**Clean-Up Call Event**” means the Clean-Up Call Threshold Percentage specified in the applicable Final Terms or more of the principal amount of the Notes originally issued (and, for these purposes, any further securities issued pursuant to Condition 16 will be deemed to have been originally issued) have been purchased (other than as a result of a partial redemption of the Notes pursuant to Condition 6(d)) by the Issuer;

“**Clean-Up Redemption Amount**” is as specified hereon;

“**Clean-Up Call Threshold Percentage**” means the percentage threshold specified hereon;

“**Consolidated Operating Profit**” means the consolidated operating profit on ordinary activities before tax and interest and before taking account of depreciation and amortisation of goodwill and regulatory assets (and, for the avoidance of doubt, excluding the impact of IAS 39 and exceptional items, as reflected in the Relevant Accounts) of the Issuer (including any share of operating profit of associates and joint ventures) determined in accordance with International Financial Reporting Standards (“**IFRS**”) by reference to the Relevant Accounts;

“**Directors’ Report**” means a report prepared and signed by two directors of the Issuer addressed to the Trustee setting out the Operating Profit, the Consolidated Operating Profit and the Disposal Percentage (in each case in relation to the relevant Disposed Assets), stating any assumptions which the directors have employed in determining, in each case, the Operating Profit, confirming whether or not a SSE Restructuring Event has occurred and, where applicable, containing the relevant confirmation referred to in the definition of “**Accountants Report**” above (and includes any revision made to any previous report);

**“Disposal Percentage”** means, in relation to a sale, transfer, lease or other disposal or dispossession of any Disposed Assets, the ratio of (a) the aggregate Operating Profit to (b) the Consolidated Operating Profit, expressed as a percentage;

**“Disposed Assets”** means, where the Issuer and/or any of its subsidiaries sells, transfers, leases or otherwise disposes of or is dispossessed by any means (but excluding sales, transfers, leases, disposals or dispossessions which, when taken together with any related lease back or similar arrangements entered into in the ordinary course of business, have the result that Operating Profit directly attributable to any such undertaking, property or assets continues to accrue to the Issuer or, as the case may be, such subsidiary), otherwise than to a wholly-owned subsidiary of the Issuer or to the Issuer, of the whole or any part (whether by a single transaction or by a number of transactions whether related or not) of its undertaking or (except in the ordinary course of business of the Issuer or any such subsidiary) property or assets, the undertaking, property or assets sold, transferred, leased or otherwise disposed of or of which it is so dispossessed;

**“Distribution Licence”** means the distribution licence granted to the Issuer under Section 6(1)(c) of the Electricity Act, as amended by Section 30 of the Utilities Act, and from time to time, any other replacement licence or licences or exemptions granted or issued by any relevant authority or person in the United Kingdom to the Issuer which entitles the Issuer to distribute electricity in the United Kingdom or any part thereof;

**“Electricity Act”** means the Electricity Act 1989 as amended or re-enacted from time to time and all subordinate legislation made pursuant thereto;

**“Excluded Subsidiary”** means any Subsidiary of the Issuer:

- (i) which is a single purpose company whose principal assets and business are constituted by the ownership, acquisition, development and/or operation of an asset;
- (ii) none of whose Indebtedness For Borrowed Money in respect of the financing of such ownership, acquisition, development and/or operation of an asset is subject to any recourse whatsoever to any member of the Group (other than such Subsidiary or another Excluded Subsidiary) in respect of the repayment thereof, except as expressly referred to in paragraph (ii) of the definition of Project Finance Indebtedness; and
- (iii) which has been designated as such by the Issuer by written notice to the Trustee,

provided that the Issuer may give written notice to the Trustee at any time that any Excluded Subsidiary is no longer an Excluded Subsidiary, whereupon it shall cease to be an Excluded Subsidiary;

**“Gas and Electricity Markets Authority”** means the authority so named and established under Section 1 of the Utilities Act or, as the case may be, any other competent authority;

**“Group”** means the Issuer and its Subsidiary Undertakings and **“member of the Group”** shall be construed accordingly;

**“Indebtedness For Borrowed Money”** means any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of (i) money borrowed, (ii) liabilities under or in respect of any acceptance or acceptance credit or (iii) any notes, bonds, debentures, debenture stock, loan stock or other securities offered, issued or distributed whether by way of public offer, private placing, acquisition consideration or otherwise and whether issued for cash or in whole or in part for a consideration other than cash;

**“Independent Financial Adviser”** means a financial adviser appointed by the Issuer and approved by the Trustee (such approval not to be unreasonably withheld or delayed having regard to the interests of Noteholders) or, if the Issuer shall not have appointed such an adviser within 21 days after becoming aware of the occurrence of a Restructuring Event and the Trustee is indemnified and/or secured to its satisfaction against the costs of such adviser, appointed by the Trustee following consultation with the Issuer;

a “**Negative Rating Event**” shall be deemed to have occurred if (A) the Issuer does not, either prior to or not later than 14 days after the date of a Negative Certification in respect of the relevant Restructuring Event, seek, and thereupon use all reasonable endeavours to obtain, a rating of the Notes or (B) if it does so seek and use such endeavours, it is unable, as a result of such Restructuring Event, to obtain such a rating of at least investment grade (BBB-/Baa3, or their respective equivalents for the time being);

“**Operating Profit**”, in relation to any Disposed Assets, means the operating profits on ordinary activities before tax and interest and before taking account of depreciation and amortisation of goodwill and regulatory assets (and, for the avoidance of doubt, excluding the impact of IAS 39 and exceptional items, as reflected in the Relevant Accounts) of the Issuer and its consolidated subsidiaries directly attributable to such Disposed Assets as determined in accordance with IFRS by reference to the Relevant Accounts and, if Relevant Accounts do not yet exist, determined in a manner consistent with the assumptions upon which the Directors’ Report is to be based. Where the Directors of the Issuer have employed assumptions in determining the Operating Profit, those assumptions should be clearly stated in the Directors’ Report;

“**Principal Subsidiary**” at any time shall mean:

- (i) any Relevant Subsidiary; or
- (ii) any Subsidiary of the Issuer (not being an Excluded Subsidiary or any other Subsidiary of the Issuer at least 90 per cent, in nominal amount of whose Indebtedness For Borrowed Money is Project Finance Indebtedness):
  - (A) whose (a) profits on ordinary activities before tax or (b) net assets represent 20 per cent., or more of the consolidated profits on ordinary activities before tax of the Issuer or, as the case may be, consolidated net assets of the Issuer, in each case as calculated by reference to the then latest audited financial statements of such Subsidiary (consolidated in the case of a Subsidiary which itself has subsidiaries) and the then latest audited consolidated financial statements of the Issuer provided that in the case of a Subsidiary acquired after the end of the financial period to which the then latest relevant audited consolidated financial statements of the Issuer relate, the reference to the then latest audited consolidated financial statements of the Issuer for the purposes of the calculation above shall, until consolidated financial statements for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned financial statements as if such Subsidiary had been shown in such financial statements by reference to its then latest relevant audited financial statements (consolidated in the case of a Subsidiary which itself has subsidiaries), adjusted as deemed appropriate by the Auditors after consultation with the Issuer; or
  - (B) to which is transferred all or substantially all of the business, undertaking and assets of a Subsidiary of the Issuer which immediately prior to such transfer is a Principal Subsidiary, whereupon the transferor Subsidiary shall immediately cease to be a Principal Subsidiary and the transferee Subsidiary shall become a Principal Subsidiary under the provisions of this sub-paragraph (B) upon publication of its next audited financial statements but so that such transferor Subsidiary or such transferee Subsidiary may be a Principal Subsidiary of the Issuer on or at any time after the date on which such audited financial statements have been published by virtue of the provisions of sub-paragraph (A) above or before, on or at any time after such date by virtue of the provisions of this sub-paragraph (B).

A report by the Auditors that, in their opinion, a Subsidiary of the Issuer is or is not or was or was not at any particular time or throughout any specified period a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Issuer, the Trustee and the Noteholders;

“**Project Finance Indebtedness**” means any present or future indebtedness incurred to finance the ownership, acquisition, development and/or operation of an asset, whether or not an asset of a member of the Group;

- (i) which is incurred by an Excluded Subsidiary; or
- (ii) in respect of which the person or persons to whom any such indebtedness is or may be owed by the relevant borrower (whether or not a member of the Group) has or have no recourse whatsoever to any member of the Group (other than an Excluded Subsidiary) for the repayment thereof other than:
  - (A) recourse for amounts limited to the cash flow or net cash flow (other than historic cash flow or historic net cash flow) from such asset; and/or
  - (B) recourse for the purpose only of enabling amounts to be claimed in respect of such indebtedness in an enforcement of any encumbrance given by such borrower over such asset or the income, cash flow or other proceeds deriving therefrom (or given by any shareholder or the like in the borrower over its shares or the like in the capital of the borrower) to secure such indebtedness, provided that (aa) the extent of such recourse is limited solely to the amount of any recoveries made on any such enforcement and (bb) such person or persons is/are not entitled, by virtue of any right or claim arising out of or in connection with such indebtedness, to commence proceedings for the winding up or dissolution of any member of the Group (other than an Excluded Subsidiary) or to appoint or procure the appointment of any receiver, trustee or similar person or officer in respect of any member of the Group (other than an Excluded Subsidiary) or any of its assets (save for the assets the subject of such encumbrance); and/or
  - (C) recourse under any form of assurance, undertaking or support, which recourse is limited to a claim for damages (other than liquidated damages and damages required to be calculated in a specified way) for breach of an obligation (not being a payment obligation or an obligation to procure payment by another or an indemnity in respect thereof or any obligation to comply or to procure compliance by another with any financial ratios or other tests of financial condition) by any member of the Group (other than an Excluded Subsidiary);

References to the Notes being “rated” are to the Notes having a rating from a Rating Agency;

“**Public Announcement**” means an announcement made by the Issuer of the occurrence of an SSE Restructuring Event in accordance with Condition 17;

“**Rated Securities**” means the Notes, if and for so long as they shall have an effective rating from a Rating Agency and otherwise any Rateable Debt which is rated by a Rating Agency; provided that if there shall be no such Rateable Debt outstanding prior to the maturity of the Notes, the holders of not less than one-quarter in principal amount of outstanding Notes may require the Issuer to obtain and thereafter update on an annual basis a rating of the Notes from a Rating Agency. In addition, the Issuer may at any time obtain, and thereafter update, on an annual basis a rating of the Notes from a Rating Agency, provided that, except as provided above, the Issuer shall not have any obligation to obtain such a rating of the Notes;

“**Rating Agency**” means Moody’s Investors Service, Inc. or any of its Subsidiaries and their successors (“**Moody’s**”), S&P Global Ratings or any of its Subsidiaries and their successors (“**S&P**”) or Fitch Ratings, Inc or any of its Subsidiaries and their successors (“**Fitch**”), or any rating agency (a “**Substitute Rating Agency**”) substituted for any of them (or any permitted substitute of them) by the Issuer from time to time with the prior written approval of the Trustee (such approval not to be unreasonably withheld or delayed having regard to the interests of Noteholders);

“**Relevant Accounts**” means the most recent annual audited consolidated financial accounts of the Issuer preceding the relevant sale, transfer, lease or other disposal or dispossession of any Disposed Asset;

“**Relevant Potential Change of Control Announcement**” means any public announcement or statement by the Issuer, any actual or potential bidder or any adviser acting on behalf of any actual or potential bidder relating to any potential Change of Control where within 180 days following the date of such announcement or statement, a Change of Control occurs;

a “**Rating Downgrade**” shall be deemed to have occurred in respect of a Restructuring Event if the then current rating assigned to the Notes by any Rating Agency (whether provided by a Rating Agency at the invitation of the Issuer or by its own volition) is withdrawn or reduced from an investment grade rating (BBB-/Baa3, or their respective equivalents for the time being, or better) to a non-investment grade rating (BB+/Ba1, or their respective equivalents for the time being, or worse) or, if the Rating Agency shall then have already rated the Notes below investment grade (as described above), the rating is lowered one full rating category (from BB+/Ba1 to BB+/Ba2 or such similar lowering);

“**Relevant Indebtedness**” means any present or future indebtedness (whether being principal, premium, interest or other amounts) in the form of or represented by notes, bonds, debentures, debenture stock, loan stock or other securities, whether issued for cash or in whole or in part for a consideration other than cash, and which, with the agreement of the person issuing the same, are quoted, listed or ordinarily dealt in on any stock exchange or recognised over-the-counter or other securities market, but shall in any event not include Project Finance Indebtedness;

“**Relevant Subsidiary**” means a wholly-owned Subsidiary of the Issuer or of another Relevant Subsidiary which is a guarantor in respect of, or is a primary obligor under, the Notes as contemplated in Condition 12(c) or paragraph (i)(c) of the definition of Restructuring Event;

“**Reporting Accountants**” means the auditors for the time being of the Issuer (but not acting in their capacity as auditors) or such other firm of accountants as may be nominated by the Issuer and approved in writing by the Trustee for the purpose (such approval not to be unreasonably withheld or delayed having regard to the interests of the Noteholders) or, failing which, as may be selected by the Trustee for the purpose;

“**Restructuring Event**” means the occurrence of any one or more of the following events:

- (i)
- (c) the Issuer or, as the case may be, a Relevant Subsidiary agrees in writing with the Secretary of State (or any successor) to any revocation or surrender of the Distribution Licence; or
- (d) any legislation (whether primary or subordinate) is enacted terminating or revoking the Distribution Licence, except in any such case in circumstances where a licence or licences on (in the opinion of the Trustee after consultation with the Issuer) no less favourable terms is or are granted to the Issuer or a Relevant Subsidiary and in the case of such Relevant Subsidiary at the time of such grant it either executes in favour of the Trustee an unconditional and irrevocable guarantee in respect of the Notes in such form as the Trustee may approve (such approval not to be unreasonably withheld or delayed having regard to the interests of Noteholders) or becomes the primary obligor (jointly or severally where appropriate) under the Notes in accordance with Condition 12(c); or
- (ii) any modification, other than a modification which is of a formal, minor or technical nature, is made to the terms and conditions of the Distribution Licence on or after the date on which agreement is reached to issue the first Tranche of the Notes unless two directors of the Issuer certify to the Trustee (upon which certification the Trustee shall be entitled to rely absolutely without liability) that such modified terms and conditions are not materially less favourable to the business of the Issuer; or
- (iii) any legislation (whether primary or subordinate) is enacted removing, reducing or qualifying the duties or powers of the Secretary of State for Trade and Industry (or any successor) and/or the Gas and Electricity Markets Authority (or any successor) under Section 3A of the Electricity Act unless two directors of the Issuer have certified in good faith to the Trustee (upon which certification the Trustee shall be entitled to rely absolutely without liability) that the legislation is not materially adverse to the business of the Group; or

(iv)

- (c) the Issuer or, as the case may be, a Relevant Subsidiary is given an Expulsion Notice (as defined in the Balancing and Settlement Code) pursuant to Section A.5.2.4 of the Balancing and Settlement Code requiring it to cease to be a party thereto; or
- (d) there shall have occurred a Default (as defined in the Balancing and Settlement Code) under Section H.3.1.1 of the Balancing and Settlement Code in relation to the Issuer or, as the case may be, a Relevant Subsidiary, and such default remains unremedied or unwaived; or
- (e) the Issuer or, as the case may be, a Relevant Subsidiary ceases to be a party to the Balancing and Settlement Code for any reason (other than pursuant to (b) and (c) above) except where a Distribution Licence is granted to a Relevant Subsidiary or, as the case may be, another Relevant Subsidiary as contemplated by paragraph (a) above and at or about the same time all rights and obligations of the Issuer or, as the case may be, a Relevant Subsidiary, pursuant to the Balancing and Settlement Code, which are attributable to such licence are assigned and transferred to such Relevant Subsidiary in such manner as the Trustee may approve (such approval not to be unreasonably withheld or delayed having regard to the interests of Noteholders) or such Relevant Subsidiary enters into one or more agreements, commercial arrangements or open market mechanisms or frameworks in relation to such licence which two directors of the Issuer certify to the Trustee (upon which certification the Trustee shall be entitled to rely absolutely without liability) to be not materially less favourable to the business of the Group; or
- (f) any modification is made to the Balancing and Settlement Code in accordance with its terms or any legislation (whether primary or subordinate) is enacted terminating or modifying the Balancing and Settlement Code, provided that any such modification is material in the context of the rights and obligations of the Issuer or, as the case may be, a Relevant Subsidiary under the Balancing and Settlement Code; and provided further that any modification shall to the extent it grants or confers powers or discretions on the Gas and Electricity Markets Authority (or any successor) under or in respect of the Balancing and Settlement Code be deemed not to be material as aforesaid, but for the avoidance of doubt, any modification to the Balancing and Settlement Code made by the Gas and Electricity Markets Authority (or any successor) by virtue of or pursuant to any such powers or discretions and which otherwise would be a material modification as provided above shall not, by virtue of this provision be deemed not to be material;

A “**Restructuring Event Put Event**” occurs on the date of the last to occur of (a) a Restructuring Event, (b) either a Rating Downgrade or, as the case may be, a Negative Rating Event, (c) the Confirmation and (d) the relevant Negative Certification;

“**Restructuring Period**” means:

- (i) if at any time a Restructuring Event occurs the Notes are rated, the period of 90 days starting from and including the day on which that Restructuring Event occurs; or
- (ii) at the time a Restructuring Event occurs the Notes are not rated, the period starting from and including the day on which that Restructuring Event occurs and ending on the day 90 days following the later of (a) the date on which the Issuer shall seek to obtain a rating as contemplated in the definition of Negative Rating Event prior to the expiry of the 14 days referred to in that definition and (b) the date on which a Negative Certification shall have been given to the Issuer in respect of that Restructuring Event;

(or, in each case, such longer period in which the Rated Securities are under consideration (such consideration having been announced publicly within the first mentioned 90 day period) for rating review or, as the case may be, rating by a Rating Agency);

“**Secretary of State**” means the Secretary of State for Business, Enterprise and Regulatory Reforms (or any successor);

“**SSE Negative Rating Event**” shall be deemed to have occurred if at the time of the SSE Restructuring Event there are no Rated Securities and either:

- (i) the Issuer does not, either prior to or not later than 21 days after the relevant SSE Restructuring Event, seek, and thereafter throughout the SSE Restructuring Period use all reasonable endeavours to obtain, a rating of the Notes or any other unsecured and unsubordinated debt of the Issuer having an initial maturity of five years or more (“**Rateable Debt**”) from a Rating Agency; or
- (ii) if the Issuer does so seek and use such endeavours, it is unable, as a result of such SSE Restructuring Event, to obtain a rating from a Rating Agency within the SSE Restructuring Period of at least BBB or Baa2 (or their respective equivalents for the time being),

provided that in either case there is at least one Rating Agency in operation at such time from whom to obtain such a rating, and if there is no Rating Agency in operation no SSE Negative Rating Event will be deemed to occur. The Issuer shall promptly notify the Trustee in writing of the date on which it first seeks to obtain the rating referred to in paragraph (a) above;

“**SSE Rating Downgrade**” shall be deemed to have occurred in respect of the SSE Restructuring Event if the then current rating assigned to the Rated Securities by any Rating Agency at the invitation of the Issuer (or where there is no rating from any Rating Agency assigned at the invitation of the Issuer, the then current rating (if any) assigned to the Rated Securities by any Rating Agency of its own volition) is: (i) withdrawn or reduced from a rating of at least BBB or Baa2 (or their respective equivalents for the time being) to a rating below BBB or Baa2 (or their respective equivalents for the time being) or, (ii) if a Rating Agency shall already have rated the Rated Securities below BBB or Baa2 (or their respective equivalents for the time being), the rating is lowered at least one full rating notch (for example, BBB/ Baa2 to BBB-/Baa3 (or, in each case, their respective equivalents for the time being)); provided that a SSE Rating Downgrade otherwise arising by virtue of a particular reduction in rating shall not be deemed to have occurred in respect of a particular SSE Restructuring Event if the Rating Agency making the reduction in rating to which this definition would otherwise apply does not announce publicly or confirm in writing to the Issuer or the Trustee that its decision resulted, in whole or in part, from the occurrence of, or any event or circumstance comprised in or arising as a result of, or in respect of, the applicable SSE Restructuring Event (whether or not the SSE Restructuring Event shall have occurred at the time of the SSE Rating Downgrade);

“**SSE Restructuring Event**” shall be deemed to have occurred at any time (whether or not approved by the board of directors of the Issuer) if the sum of all (if any) Disposal Percentages arising within any period of 36 consecutive months commencing on or after the date on which agreement is reached to issue the first Tranche of the Notes is greater than 30 per cent.; and

“**SSE Restructuring Period**” means:

- (i) if at the time a SSE Restructuring Event occurs there are Rated Securities, the period of 90 days beginning on and including the date of the relevant Public Announcement; or
- (ii) if at the time a SSE Restructuring Event occurs there are no Rated Securities, the period beginning on and including the day on which such SSE Restructuring Event occurs and ending on the day 90 days

following the later of (a) the date on which the Issuer shall seek to obtain a rating as contemplated in the definition of SSE Negative Rating Event prior to the expiry of the 21 days referred to in that definition and (b) the date of the relevant Public Announcement,

(or, in each case, such longer period in which the Rated Securities are under consideration (such consideration having been announced publicly within the first mentioned 90 day period) for rating review or, as the case may be, rating by a Rating Agency);

“**Subsidiary**” means a subsidiary within the meaning of Section 1159 of the Companies Act 2006;

“**Subsidiary Undertaking**” shall have the meaning given to it by Section 1162 of the Companies Act 2006 (but, in relation to the Issuer, shall exclude any undertaking (as defined in Section 1161 of the Companies Act 2006) whose accounts are not included in the then latest published audited consolidated accounts of the Issuer, or (in the case of an undertaking which has first become a subsidiary undertaking of a member of the Group since the date as at which any such audited accounts were prepared) would not have been so included or consolidated if it had become so on or before that date);

“**Utilities Act**” means the Utilities Act 2000 as amended or re-enacted from time to time and all subordinate legislation made pursuant thereto; and

“**wholly-owned Subsidiary**” means a 100 per cent. owned Subsidiary of the Issuer.

Any reference to an obligation being guaranteed shall include a reference to an indemnity being given in respect of such obligation.

## 20 GOVERNING LAW

- (a) **Governing law:** The Trust Deed, the Notes, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.
- (b) **Jurisdiction:** The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Notes, Coupons or Talons (“**Proceedings**”) may be brought in such courts. Each Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

## TERMS AND CONDITIONS OF THE SUBORDINATED NOTES

*The following, except for paragraphs in italics, is the text of the terms and conditions (the “**Conditions**” and each a “**Condition**”) that, subject to completion in accordance with the provisions of Part A of the applicable final terms (the “**Final Terms**”), shall be applicable to the Subordinated Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. The full text of these Conditions together with the relevant provisions of Part A of the applicable Final Terms shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the applicable Final Terms. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. These Conditions shall be applicable to those Notes which are specified to be “Subordinated Notes” in the applicable Final Terms. References in these Conditions to “Notes” are to the Subordinated Notes of one Series only, not to all Notes that may be issued under the Programme.*

SSE plc (“**SSE**” and the “**Issuer**”) has established a Euro Medium Term Note Programme (the “**Programme**”) for the issuance of subordinated notes (the “**Notes**”) and senior notes in an aggregate principal amount outstanding at any time not exceeding the Programme Limit (as defined in the Trust Deed referred to below). The Notes are constituted by an Amended and Restated Trust Deed (as amended or supplemented as at the date of issue of the Notes (the “**Issue Date**”), the “**Trust Deed**”) dated 1 June 2026 between, among others, the Issuer and BNY Mellon Corporate Trustee Services Limited (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. An Amended and Restated Agency Agreement (as amended or supplemented as at the Issue Date, the “**Agency Agreement**”) dated 6 June 2025 has been entered into in relation to the Notes between, among others, the Issuer, the Trustee, The Bank of New York Mellon, London Branch as initial issuing and paying agent and the other agent named in it. The issuing and paying agent, the paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the “**Issuing and Paying Agent**”, the “**Paying Agents**” (which expression shall include the Issuing and Paying Agent), the “**Registrar**”, the “**Transfer Agents**” (which expression shall include the Registrar) and the “**Calculation Agent(s)**”. Copies of the Trust Deed and the Agency Agreement are available for inspection during usual business hours at the principal office of the Trustee (presently at 160 Queen Victoria Street, London EC4V 4LA, United Kingdom) and at the specified offices of the Paying Agents and the Transfer Agents.

The Noteholders, the holders of the interest coupons (the “**Coupons**”) relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “**Talons**”) (the “**Couponholders**”) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions of the Agency Agreement applicable to them.

As used in these Conditions, “**Tranche**” means, in relation to a series of Notes, those Notes which are identical in all respects.

Any reference in these Conditions to a matter being “**shown hereon**” or “**specified hereon**” means as the same may be specified in the applicable Final Terms.

### 1 FORM, DENOMINATION AND TITLE

The Notes are issued in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”) in each case in the Specified Denomination(s) shown hereon provided that the minimum Specified Denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes).

*All Registered Notes shall have the same Specified Denomination.*

The Notes will be Reset Rate Notes.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached.

Registered Notes are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, “**Noteholder**” means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be), “**holder**” (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

## 2 EXCHANGES OF NOTES AND TRANSFERS OF REGISTERED NOTES

- (a) **Exchange of Notes:** Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes.
- (b) **Transfer of Registered Notes:** One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.
- (c) **Exercise of Options in Respect of Registered Notes:** In the case of an exercise of the Issuer’s option in respect of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.
- (d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Conditions 2(b) or 2(c) shall be available for delivery within three business days of receipt of the request for exchange or form of transfer, and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such

holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), “**business day**” means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case maybe).

- (e) **Exchange Free of Charge:** Exchange and transfer of Notes and Certificates on registration, transfer or exercise of an option shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).
- (f) **Closed Periods:** No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of that Note, (ii) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 7(b), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date.

### 3 STATUS

The Notes and the Coupons relating to them constitute direct, unsecured and subordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The rights and claims of the Noteholders and the Couponholders are subordinated as described in Condition 4.

### 4 SUBORDINATION

(a) **General:** In the event of:

- (i) an order being made, or an effective resolution being passed, for the winding-up of the Issuer (except, in any such case, a solvent winding-up solely for the purposes of a reorganisation, reconstruction, amalgamation or the substitution in place of the Issuer of a “successor in business” (as defined in the Trust Deed) of the Issuer, the terms of which reorganisation, reconstruction, amalgamation or substitution (x) have previously been approved in writing by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) and (y) do not provide that the Notes shall thereby become redeemable or repayable in accordance with these Conditions); or
- (ii) an administrator of the Issuer being appointed and such administrator giving notice that it intends to declare and distribute a dividend,

there shall be payable by the Issuer in respect of each Note and Coupon (in lieu of any other payment by the Issuer), such amount, if any, as would have been payable to the Noteholder of such Note and Coupon if, on the day prior to the commencement of the winding-up or such administration, as the case may be, and thereafter, such Noteholder were the holder of one of a class of preference shares in the capital of the Issuer (“**Notional Preference Shares**”) having an equal right to a return of assets in the winding-up or such administration, as the case may be, and so ranking *pari passu* with, the claims of holders of all Parity Obligations, but ranking junior to the claims of holders of all Senior Obligations (except as otherwise provided by mandatory provisions of law), on the assumption that the amount that such Noteholder was entitled to receive in respect of each Notional Preference Share on a return of assets in such winding-up or such administration, as the case may be, were an amount equal to the principal amount of the relevant Note and any accrued and unpaid interest and any outstanding Arrears of Interest.

Nothing in this Condition 4(a) shall affect or prejudice the payment of the costs, charges, expenses, liabilities or remuneration of the Trustee or the Agents or the rights and remedies of the Trustee or the Agents in respect thereof.

*Accordingly, and without prejudice to the rights of the Trustee or the Agents, the claims of holders of all Senior Obligations will first have to be satisfied in any winding-up or administration before the Noteholders may expect to obtain any recovery in respect of their Notes and prior thereto Noteholders will have only limited*

*ability to influence the conduct of such winding-up or administration. See “Risk Factors – Risks related to the structure of a particular issue of Notes – Subordinated Notes - Limited Remedies”.*

- (b) **Set-off:** Subject to applicable law, no Noteholder or Couponholder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Notes or the Coupons and each Noteholder and Couponholder shall, by virtue of their holding of any Note or Coupon, be deemed to have waived all such rights of set-off, compensation or retention.

## 5 INTEREST AND OTHER CALCULATIONS

- (a) **Interest on the Notes:** Each Note bears interest on its outstanding nominal amount (unless “Mid-Swap Rate” has been selected in the applicable Final Terms and a Benchmark Event has occurred, in which case the First Reset Rate of Interest and/or any Subsequent Reset Rate of Interest, as applicable, shall be determined pursuant to and in accordance with Condition 5(i)):
  - (i) from (and including) the Interest Commencement Date until (but excluding) the First Reset Date, at the Initial Rate of Interest;
  - (ii) for the First Reset Period, at the First Reset Rate of Interest; and
  - (iii) for each Subsequent Reset Period thereafter, at the relevant Subsequent Reset Rate of Interest, and such interest shall (subject to Condition 6) be payable, in each case, in arrear on the Interest Payment Dates specified in the applicable Final Terms. The amount of interest payable shall be determined in accordance with Condition 5(d).
- (b) **Accrual of Interest:** The Notes will cease to bear interest from (and including) the date of redemption thereof pursuant to the relevant paragraph of Condition 7 or the date of substitution thereof pursuant to Condition 8, as the case may be, unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the applicable Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 11).
- (c) **Maximum/Minimum Rates of Interest and Redemption Amounts and Rounding:**
  - a. If any Maximum or Minimum Rate of Interest or Redemption Amount is specified hereon, then any Rate of Interest or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
  - b. For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up). For these purposes, “unit” means the lowest amount of such currency that is available as legal tender in the country of such currency.

In no event shall the Rate of Interest be less than zero.

- (d) **Calculations:** The amount of interest payable per Calculation Amount in respect of any Note for any Interest Period shall be equal to the product of the applicable Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Period shall equal such Interest Amount (or be calculated in accordance with such formula). In respect of any other period for which

interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

- (e) **Determination and Publication of Rates of Interest, Interest Amounts, Early Redemption Amounts and Optional Redemption Amounts:** The Calculation Agent shall, as soon as practicable on each Reset Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Period, calculate the Early Redemption Amount or Optional Redemption Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Early Redemption Amount or Optional Redemption Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. If the Notes become due and payable under Condition 13, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.
- (f) **Determination or Calculation by Trustee:** If the Calculation Agent does not at any time for any reason determine or calculate the Rate of Interest for an Interest Period or any Interest Amount, Early Redemption Amount or Optional Redemption Amount, the Trustee shall do so (or shall appoint an agent on its behalf to do so) and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.
- (g) **Calculation Agent:** The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Trust Deed). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under these Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or to calculate any Interest Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall (with the prior approval of the Trustee) appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) or other suitable financial services entity that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

- (h) **Step-up after Change of Control Event:** Notwithstanding any other provision of this Condition 5 but subject to Condition 6, if the Issuer does not elect to redeem the Notes in accordance with Condition 7(g) following the occurrence of a Change of Control Event, the then prevailing Rate of Interest, and each subsequent Rate of Interest otherwise determined in accordance with the provisions of this Condition 5, on the Notes shall be increased by the Change of Control Step-Up Margin specified in the applicable Final Terms with effect from (and including) the date on which the Change of Control Event occurred.

Without prejudice to the Issuer's right to redeem the Notes in accordance with Condition 7(g) following the occurrence of any Change of Control Event, this Condition 5(h) shall only apply in relation to the first Change of Control Event to occur while any of the Notes remain outstanding.

(i) **Benchmark Event**

(i) **Independent Adviser:**

- (A) Other than in the case of Notes in respect of which "Benchmark Gilt Rate" is specified hereon, notwithstanding the provisions above in this Condition 5, if a Benchmark Event occurs in relation to an Original Reference Rate when the First Reset Rate of Interest or any Subsequent Reset Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, at the Issuer's own expense, as soon as reasonably practicable, to advise the Issuer in determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 5(i)(ii)) and, in either case, an Adjustment Spread if any (in accordance with Condition 5(i)(iii)) and any Benchmark Amendments (in accordance with Condition 5(i)(iv)).

An Independent Adviser appointed pursuant to this Condition 5(i) shall act in good faith and in a commercially reasonable manner as an expert and in consultation with the Issuer. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Trustee, the Paying Agents or the Noteholders or the Couponholders for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 5(i).

- (B) If (1) the Issuer is unable to appoint an Independent Adviser; or (2) the Issuer fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 5(i)(i) (x) prior to the relevant Reset Determination Date in respect of a relevant Reset Period, the Rate of Interest applicable to the next succeeding Reset Period shall be determined using the Original Reference Rate last displayed on the Mid-Swap Screen Page prior to the relevant Reset Determination Date. Where a different margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Reset Period from that which applied to the last preceding Reset Period, the margin or Maximum or Minimum Rate of Interest relating to the relevant Reset Period shall be substituted in place of the margin or Maximum or Minimum Rate of Interest relating to that last preceding Reset Period. For the avoidance of doubt, this Condition 5(i)(i)(B) shall apply to the relevant next succeeding Reset Period only and any subsequent Reset Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 5(i)(i)(A).

- (ii) **Successor Rate or Alternative Rate:** If the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines that:
- i. there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 5(i)(iii)) subsequently be used in place of the Original Reference Rate to determine the relevant component part of the First Reset Rate of Interest or Subsequent Reset Rate of Interest (as applicable) for all future payments of interest on the Notes from the end of the then current Reset Period onwards (subject to the subsequent operation of this Condition 5(i)); or
  - ii. there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 5(i)(iii)) subsequently be used in place of the Original Reference Rate to determine the relevant component part of the First Reset Rate of Interest or Subsequent Reset Rate of Interest (as applicable) for all future payments of interest on the Notes from the end of the then current Reset Period onwards (subject to the operation of this Condition 5(i)).
- (iii) **Adjustment Spread:** If the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines (A) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (B) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be).
- (iv) **Benchmark Amendments:** If any Successor Rate, Alternative Rate and/or Adjustment Spread is determined in accordance with this Condition 5(i) and the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines (i) that amendments to these Conditions, the Agency Agreement and/or the Trust Deed are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the “**Benchmark Amendments**”) and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 5(i)(v), without any requirement for the consent or approval of Noteholders, vary these Conditions, the Agency Agreement and/or the Trust Deed to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee and the Paying Agents of a certificate signed by two directors of the Issuer pursuant to Condition 5(i)(v), the Trustee and the Paying Agents shall (at the expense of the Issuer), without any requirement for the consent or approval of the Noteholders be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a deed supplemental to or amending the Trust Deed and/or the Agency Agreement), provided that the Trustee and the Paying Agents shall not be obliged so to concur if in the opinion of the Trustee or any Paying Agent (as applicable) doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to it in these Conditions and/or any documents to which it is a party (including, for the avoidance of doubt, any supplemental trust deed) in any way.

In connection with any such variation in accordance with this Condition 5(i)(iv), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

Notwithstanding any other provision of this Condition 5(i), no Successor Rate or Alternative Rate will be adopted, nor any Adjustment Spread applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to cause a reduction in or loss of the equity credit (or such other nomenclature that a Rating Agency may then use to describe the degree to which an instrument exhibits the characteristics of an ordinary share) for the Notes from a Rating Agency.

- (v) **Notices, etc.:** Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 5(i) will be notified promptly by the Issuer to the Trustee, the Calculation Agent, the Paying Agents, and (in the case of Registered Notes) the Registrar and Transfer Agent, and, in accordance with Condition 18, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Trustee and the Paying Agents of the same, the Issuer shall deliver to the Trustee and the Paying Agents a certificate signed by two directors of the Issuer:

- i. confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate and (iii) where applicable, any Adjustment Spread and/or the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 5(i); and
- ii. certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread.

The Trustee and the Paying Agents shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) and without prejudice to the Trustee's and the Paying Agents' ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Calculation Agent, the Paying Agents and the Noteholders.

- (vi) **Survival of Original Reference Rate:** Without prejudice to the obligations of the Issuer under Condition 5(i)(i), (ii), (iii) and (iv), the Original Reference Rate and the fallback provisions provided for in Condition 5(a) and the related definitions will continue to apply unless and until a Benchmark Event has occurred and the Trustee, the Calculation Agent and the Paying Agents have been notified of the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread and any Benchmark Amendments, in accordance with Condition 5(i)(v).

- (vii) **Definitions:** As used in this Condition 5(i):

“**Adjustment Spread**” means either a spread (which may be positive, negative or zero) or a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (a) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);
- (b) the Issuer, following consultation with the Independent Adviser determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if the Issuer determines that no such spread is customarily applied);

- (c) the Issuer, following consultation with the Independent Adviser determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be).

“**Alternative Rate**” means an alternative benchmark or screen rate which the Issuer following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner determines in accordance with Condition 5(i)(ii) is customary in market usage in the international debt capital markets for the purposes of determining resettable rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes.

“**Benchmark Amendments**” has the meaning given to it in Condition 5(i)(iv).

“**Benchmark Event**” means:

- (a) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or
- (b) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (c) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or
- (d) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally or in respect of the Notes; or
- (e) the making of an official announcement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or
- (f) it has become unlawful for any Agent, the Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Noteholders using the Original Reference Rate,

provided that in the case of sub-paragraphs (b), (c) and (d), the Benchmark Event shall be deemed to occur on the date of the cessation of publication of the Original Reference Rate, the discontinuation of the Original Reference Rate, or the prohibition of use of the Original Reference Rate, as the case may be, and not the date of the relevant public statement. For the avoidance of doubt, none of the Trustee, the Paying Agents or the Calculation Agent will be responsible for determining whether or not a Benchmark Event has occurred.

“**Independent Adviser**” means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 5(i)(i).

“**Original Reference Rate**” means the originally-specified benchmark or screen rate (as applicable) used to determine the Subsequent Reset Rate of Interest (or any component part thereof) on the Notes.

“**Relevant Nominating Body**” means, in respect of a benchmark or screen rate (as applicable):

- (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

“**Successor Rate**” means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body

## 6 OPTIONAL INTEREST DEFERRAL

### (a) **Deferral of Payments:**

The Issuer may, at its discretion, elect to defer all or part of any Interest Payment (a “**Deferred Interest Payment**”) which is otherwise scheduled to be paid on an Interest Payment Date by giving notice of such election to the Noteholders in accordance with Condition 18, the Trustee, the Principal Paying Agent and (in the case of Registered Notes) the Registrar and Transfer Agent not more than 14 nor less than 7 Business Days prior to the relevant Interest Payment Date. Subject to Condition 6(b), if the Issuer elects not to make all or part of any Interest Payment on an Interest Payment Date, then it will not have any obligation to pay such interest on the relevant Interest Payment Date and any such non-payment of interest will not constitute an Event of Default or any other breach of its obligations under the Notes or for any other purpose.

Arrears of Interest (as defined below) may be satisfied at the option of the Issuer in whole or in part at any time (the “**Optional Deferred Interest Settlement Date**”) following delivery of a notice to such effect given by the Issuer to the Noteholders in accordance with Condition 18, the Trustee, the Principal Paying Agent and (in the case of Registered Notes) the Registrar and Transfer Agent not more than 14 nor less than 7 Business Days prior to the relevant Optional Deferred Interest Settlement Date informing them of its election to so satisfy such Arrears of Interest (or part thereof) and specifying the relevant Optional Deferred Interest Settlement Date.

Any Deferred Interest Payment shall itself bear interest (such further interest together with the Deferred Interest Payment, being “**Arrears of Interest**”), at the Rate of Interest prevailing from time to time, from (and including) the date on which (but for such deferral) the Deferred Interest Payment would otherwise have been due to be made to (but excluding) the relevant Optional Deferred Interest Settlement Date or, as appropriate, such other date on which such Deferred Interest Payment is paid in accordance with Condition 6(b), in each case such further interest being compounded on each Interest Payment Date.

Non-payment of Arrears of Interest shall not constitute a default by the Issuer under the Notes or for any other purpose, unless such payment is required in accordance with Condition 6(b).

### (b) **Mandatory Settlement:**

Notwithstanding the provisions of Condition 6(a) relating to the ability of the Issuer to defer Interest Payments, the Issuer shall pay any outstanding Arrears of Interest, in whole but not in part, on the first occurring Mandatory Settlement Date following the Interest Payment Date on which a Deferred Interest Payment first arose. The Issuer will deliver notice of the occurrence of a Compulsory Arrears of Interest Settlement Event and the associated Mandatory Settlement Date to the Noteholders in accordance with Condition 18, the Trustee, the Principal Paying Agent, and (in the case of Registered Notes) the Registrar and the Transfer Agent not less than 5 Business Days prior to the relevant Mandatory Settlement Date.

## 7 REDEMPTION, PURCHASE AND OPTIONS

### (a) No Fixed Redemption Date:

The Notes are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (subject to the provisions of Condition 4(a)) only have the right to repay them in accordance with the following provisions of this Condition 7.

### (b) Issuer's Call Option:

If Call Option is specified hereon, the Issuer may, by giving not less than 10 nor more than 60 days' notice (or such other notice period as may be specified hereon) to the Trustee, the Principal Paying Agent, (in the case of Registered Notes) the Registrar and Transfer Agent, and, in accordance with Condition 18, the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all, but not some only, of the Notes on any Optional Redemption Date specified hereon. Any such redemption of Notes shall be at the Optional Redemption Amount (Issuer Call) (which, unless otherwise specified hereon, shall be their principal amount) together with any accrued and unpaid interest up to (but excluding) the redemption date and any outstanding Arrears of Interest. Upon the expiry of such notice, the Issuer shall redeem the Notes.

### (c) Redemption for Taxation Reasons:

If, immediately prior to the giving of the notice referred to below, a Tax Deductibility Event or a Withholding Tax Event has occurred and is continuing, then the Issuer may, subject to having given not less than 10 nor more than 60 days' notice to the Trustee, the Principal Paying Agent, (in the case of Registered Notes) the Registrar and Transfer Agent, and, in accordance with Condition 18, the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption) and subject to Condition 9, redeem in accordance with these Conditions at any time all, but not some only, of the Notes at the Early Redemption Amount (Tax) specified hereon, together with any accrued and unpaid interest up to (but excluding) the redemption date and any outstanding Arrears of Interest. Upon the expiry of such notice, the Issuer shall redeem the Notes.

### (d) Redemption for Rating Reasons:

If, immediately prior to the giving of the notice referred to below, a Capital Event has occurred and is continuing, then the Issuer may, subject to having given not less than 10 nor more than 60 days' notice to the Trustee, the Principal Paying Agent, (in the case of Registered Notes) the Registrar and Transfer Agent, and, in accordance with Condition 18, the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption) and subject to Condition 9, redeem in accordance with these Conditions all, but not some only, of the Notes at any time at the Early Redemption Amount (Rating) specified hereon, together with any accrued and unpaid interest up to (but excluding) the redemption date and any outstanding Arrears of Interest. Upon the expiry of such notice, the Issuer shall redeem the Notes.

### (e) Redemption for Accounting Reasons:

If, immediately prior to the giving of the notice referred to below, an Accounting Event has occurred and is continuing, then the Issuer may, subject to having given not less than 10 nor more than 60 days' notice to the Trustee, the Principal Paying Agent, (in the case of Registered Notes) the Registrar and Transfer Agent, and, in accordance with Condition 18, the Noteholders (which notice shall be irrevocable and specify the date fixed for redemption) and subject to Condition 9, redeem in accordance with these Conditions all, but not some only, of the Notes at any time at the Early Redemption Amount (Accounting) specified hereon, together with any accrued and unpaid interest up to (but excluding) the redemption date and any outstanding Arrears of Interest. Upon the expiry of such notice, the Issuer shall redeem the Notes. The period during which the Issuer may notify the redemption of the Notes as a result of the occurrence of an Accounting Event shall start on the

Accounting Event Adoption Date. For the avoidance of doubt such period shall include any transitional period between the Accounting Event Adoption Date and the date on which it comes into effect.

(f) **Clean-Up Call Option:**

If Clean-Up Call is specified hereon and immediately prior to the giving of the notice referred to below, a Clean-Up Call Event has occurred then the Issuer may, subject to having given not less than 10 nor more than 60 days' notice to the Trustee, the Principal Paying Agent, (in the case of Registered Notes) the Registrar and Transfer Agent, and, in accordance with Condition 18, the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption) and subject to Condition 9, redeem in accordance with these Conditions all, but not some only, of the Notes at any time. Any such redemption of the Notes shall be at their Clean-Up Call Optional Redemption Amount (which, unless otherwise specified hereon, shall be their principal amount), together with any accrued and unpaid interest up to (but excluding) the redemption date and any outstanding Arrears of Interest. Upon the expiry of such notice, the Issuer shall redeem the Notes.

(g) **Redemption for Change of Control Event:**

If, immediately prior to the giving of the notice referred to below, a Change of Control Event has occurred and is continuing, then the Issuer may, subject to having given not less than 10 nor more than 60 days' notice to the Trustee, the Principal Paying Agent, (in the case of Registered Notes) the Registrar and Transfer Agent, and, in accordance with Condition 18, the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption) and subject to Condition 9, redeem in accordance with these Conditions all, but not some only, of the Notes at any time at the Early Redemption Amount (Change of Control) specified hereon, together with any accrued and unpaid interest up to (but excluding) the redemption date and any outstanding Arrears of Interest. Upon the expiry of such notice, the Issuer shall redeem the Notes.

(h) **Purchases:** The Issuer and any of its Subsidiaries may at any time purchase Notes (provided that all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

(i) **Cancellation:** All Notes purchased by or on behalf of the Issuer or any of its Subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

## **8 SUBSTITUTION OR VARIATION**

If an Accounting Event, a Capital Event, a Tax Deductibility Event or a Withholding Tax Event (each a "**Substitution or Variation Event**") has occurred and is continuing, then the Issuer may, subject to Condition 9 (without any requirement for the consent or approval of the Noteholders) and subject to its having satisfied the Trustee immediately prior to the giving of any notice referred to herein that the provisions of Conditions 8 and 9 have been complied with, and having given not less than 10 nor more than 60 days' notice to the Trustee, the Principal Paying Agent, (in the case of Registered Notes) the Registrar and Transfer Agent, and, in accordance with Condition 18, the Noteholders (which notice shall be irrevocable), at any time either (i) substitute all, but not some only, of the Notes for, or (ii) vary the terms of the Notes with the effect that they remain or become (as the case may be), Qualifying Notes, and the Trustee shall (subject to the following provisions of this Condition 8 and subject to the receipt by it of the certificate of the directors of the Issuer referred to in Condition 9 below) agree to such substitution or variation.

Upon expiry of such notice, the Issuer shall either vary the terms of or, as the case may be, substitute the Notes in accordance with this Condition 8, as the case may be.

The Trustee agrees, at the expense of the Issuer, to use reasonable endeavours to assist the Issuer in the substitution of the Notes for, or the variation of the terms of the Notes so that they remain, or as appropriate, become, Qualifying Notes, provided that the Trustee shall not be obliged to participate in, or assist with, any such substitution or variation if the terms of the proposed Qualifying Notes or the participation in or assistance with such substitution or variation would impose, in the Trustee's opinion, more onerous obligations upon it or expose it to liabilities (against which it has not been indemnified and/or secured and/or prefunded to its satisfaction) or reduce its protections. If the Trustee does not participate or assist as provided above, the Issuer may redeem the Notes as provided in Condition 7.

In connection with any substitution or variation in accordance with this Condition 8, the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

Any such substitution or variation in accordance with the foregoing provisions following a Substitution or Variation Event shall only be permitted if it does not give rise to any other Substitution or Variation Event with respect to the Qualifying Notes.

In these Conditions, "**Qualifying Notes**" means securities that:

- (a) are issued by the Issuer or any wholly-owned direct or indirect subsidiary of the Issuer with a guarantee of such obligations by the Issuer;
- (b) rank and (save in the case of a direct issue by the Issuer) benefit from a guarantee that ranks in relation to the obligations of the Issuer under such securities and/or such guarantee (as the case may be), equally with the Notes and *pari passu* in a winding-up or liquidation of the Issuer with any Parity Obligations of the Issuer;
- (c) contain terms not materially less favourable to Noteholders than the terms of the Notes (as reasonably determined by the Issuer) and which:
  - a. provide for the same or a more favourable Rate of Interest from time to time as applied to the Notes immediately prior to such substitution or variation and preserve the same Interest Payment Dates;
  - b. preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to principal and as to redemption of the Notes, including (without limitation) as to timing of, and amounts payable upon, such redemption;
  - c. preserve any existing rights under these Conditions to any accrued interest, any Deferred Interest Payments, any Arrears of Interest and any other amounts payable under the Notes which, in each case, has accrued to Noteholders and not been paid;
  - d. do not contain terms providing for the mandatory deferral or cancellation of payments of interest and/or principal; and
  - e. do not contain terms providing for loss absorption through principal write-down or conversion to ordinary shares; and
- (d) are (i) listed on the Official List and admitted to trading on the London Stock Exchange plc's Main Market or (ii) admitted to trading on such other stock exchange as is a Recognised Stock Exchange at that time as selected by the Issuer and approved by the Trustee.

For the purposes of the definition of Qualifying Notes:

"**Official List**" means the Official List of the Financial Conduct Authority acting under Part VI of the Financial Services and Markets Act 2000; and

"**Recognised Stock Exchange**" means a recognised stock exchange as defined in section 1005 of the Income Tax Act 2007 as the same may be amended from time to time and any provision, statute or statutory instrument replacing the same from time to time.

## 9 PRECONDITIONS TO SPECIAL EVENT REDEMPTION, CHANGE OF CONTROL EVENT REDEMPTION, SUBSTITUTION AND VARIATION

Prior to the publication of any notice of redemption pursuant to Condition 7 (other than redemption pursuant to Condition 7(b)) or any notice of substitution or variation pursuant to Condition 8, the Issuer shall deliver to the Trustee a certificate in form and substance satisfactory to the Trustee signed by two directors of the Issuer stating that the relevant requirement or circumstance giving rise to the right to redeem, substitute or vary is satisfied, and where the relevant Special Event requires measures reasonably available to the Issuer to be taken, the relevant Special Event cannot be avoided by the Issuer taking such measures. In relation to a substitution or variation pursuant to Condition 8, such certificate shall also include further certifications that the criteria specified in paragraphs (a) to (d) of the definition of Qualifying Notes will be satisfied by the Qualifying Notes upon issue and that such determinations were reached by the Issuer. The Trustee may rely absolutely upon and shall be entitled to accept such directors' certificate without any liability to any person for so doing and without any further inquiry as sufficient evidence of the satisfaction of the conditions precedent set out in such paragraphs in which event it shall be conclusive and binding on the Noteholders and the Couponholders.

Any redemption of the Notes in accordance with Condition 7(b), 7(c), 7(d), 7(e), 7(f) or 7(g) or any substitution or variation of the Notes in accordance with Condition 8 shall be conditional on all outstanding Arrears of Interest being paid in full in accordance with the provisions of Condition 6 on or prior to the date thereof, together with any accrued and unpaid interest up to (but excluding) such redemption date.

The Trustee is under no obligation to ascertain whether any Special Event or Change of Control Event or any event which could lead to the occurrence of, or could constitute, any such Special Event, Change of Control Event, has occurred and, until it shall have actual knowledge or express notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no such Special Event, Change of Control Event or such other event has occurred.

## 10 PAYMENTS AND TALONS

- (a) **Bearer Notes:** Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 10(f)(iv)) or Coupons (in the case of interest, save as specified in Condition 10(f)(ii)) as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank. “**Bank**” means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to T2.
- (b) **Registered Notes:**
  - (i) Payments of principal in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
  - (ii) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Registered Note shall be made in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank.
- (c) **Payments in the United States:** Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with

specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

- (d) **Payments subject to Fiscal Laws:** All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in the place of payment or other laws to which the Issuer agrees to be subject and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretation thereof, or any law implementing an intergovernmental approach thereto, and, save as provided in Condition 11, the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreement. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) **Appointment of Agents:** The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. If any additional Paying Agents are appointed in connection with the Notes, the names of such Paying Agents will be specified in the applicable Final Terms. The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time with the approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where these Conditions so require, (v) such other agents as may be required by any other stock exchange on which the Notes may be listed in each case, as approved by the Trustee.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in Condition 10(c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

- (f) **Unmatured Coupons and unexchanged Talons:**
- (i) Upon the due date for redemption of Bearer Notes, such Bearer Notes should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 12).
- (ii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iii) Where any Bearer Note that provides that the relative unexpired Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all

unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may reasonably require.

- (iv) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be.
- (g) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 12).
- (h) **Non-Business Days:** If any date for payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, “**business day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as “**Financial Centres**” hereon and:
  - (i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or
  - (ii) (in the case of a payment in euro) which is a TARGET Business Day.

## 11 TAXATION

All payments of principal, premium and interest by or on behalf of the Issuer in respect of the Notes and the Coupons shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (“**Taxes**”) imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts (“**Additional Amounts**”) as shall result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable with respect to any Note or Coupon:

- (a) **Other connection:** to, or to a third party on behalf of, a holder who is liable to such Taxes in respect of such Note or Coupon by reason of his having some connection with the United Kingdom other than the mere holding of the Note or Coupon; or
- (b) **Presentation more than 30 days after the Relevant Date:** presented (or in respect of which the Certificate representing the relevant Note is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such Additional Amounts on presenting it for payment on the thirtieth day.

References in these Conditions to principal, premium, Interest Payments, Deferred Interest Payments, Arrears of Interest and/or any other amount in respect of interest shall be deemed to include any Additional Amounts which may become payable pursuant to the foregoing provisions or any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

Notwithstanding anything to the contrary contained herein, the Issuer shall be entitled to withhold and deduct any amounts required to be deducted or withheld in respect of payment of principal and/or interest made by it in respect of the Notes and the Coupons pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended, (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement) (any such withholding or deduction, a “**FATCA Withholding**”), and neither the Issuer nor any other person shall be required to pay any Additional Amounts in respect of FATCA Withholding.

As used in these Conditions, “**Relevant Date**” in respect of any Note or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relevant Certificate) or Coupon being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) “**principal**” shall be deemed to include any premium payable in respect of the Notes, all Early Redemption Amounts, Optional Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 7 or any amendment or supplement to it, (ii) “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) “**principal**” and/or “**interest**” shall be deemed to include any Additional Amounts that may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Trust Deed.

## 12 PRESCRIPTION

Claims against the Issuer for payment in respect of the Notes and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or 5 years (in the case of interest) from the appropriate Relevant Date in respect of them.

## 13 EVENTS OF DEFAULT

- (a) **Proceedings:** If a default is made by the Issuer for a period of 14 days or more in the payment of any principal or 21 days or more in the payment of any interest, in each case in respect of the Notes and which is due (an “**Event of Default**”), then the Issuer shall without notice from the Trustee be deemed to be in default under the Trust Deed, the Notes and the Coupons and the Trustee at its sole discretion may, notwithstanding the provisions of Condition 13(b) but subject to Condition 13(c), institute proceedings for the winding-up of the Issuer and/or prove in the winding-up or administration of the Issuer and/or claim in the liquidation or administration of the Issuer, for such payment.

The Trustee in its sole discretion may, notwithstanding the provisions of Condition 13(b) but subject to Condition 13(c), prove in the winding-up or administration of the Issuer and/or claim in the liquidation or administration of the Issuer, such claim being as contemplated in Condition 4(a).

- (b) **Enforcement:** The Trustee may at its discretion (subject to Condition 13(c)) and without further notice institute such proceedings or take such steps or actions against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Trust Deed, the Notes or the Coupons but in no event shall the Issuer, by virtue of the institution of any such proceedings, steps or actions, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.
- (c) **Entitlement of Trustee:** The Trustee shall not be bound to take any of the actions referred to in Condition 13(a) or 13(b) above against the Issuer to enforce the terms of the Trust Deed, the Notes or the Coupons or take any other action or step unless (i) it shall have been so requested by an Extraordinary Resolution of the Noteholders or in writing by the Noteholders of at least one-quarter in nominal amount of the

Notes then outstanding and (ii) it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

- (d) **Right of Noteholders:** No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer or to institute proceedings for the winding-up of the Issuer and/or prove in the winding-up or administration of the Issuer and/or claim in the liquidation or administration of the Issuer unless the Trustee, having become so bound to proceed, institute, prove or claim, fails to do so within a reasonable period and such failure shall be continuing, in which case the Noteholder or Couponholder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise as set out in this Condition 13.
- (e) **Extent of Noteholder's remedy:** No remedy against the Issuer, other than as referred to in this Condition 13, shall be available to the Trustee (on behalf of the Noteholders or Couponholders) or the Noteholders or Couponholders, whether for the recovery of amounts owing in respect of the Notes or under the Trust Deed or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Notes, Coupons or under the Trust Deed.

#### 14 MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

- (a) **Meetings of Noteholders:** The Trust Deed contains provisions for convening meetings of Noteholders (including by way of telephone or video conference) to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Noteholders holding not less than 10 per cent, in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*:
  - (i) to amend the provisions regarding status referred to in Condition 3 or the provisions regarding subordination referred to in Condition 4;
  - (ii) to amend the dates of redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes,
  - (iii) to reduce or cancel the nominal amount of or any premium payable on redemption of, the Notes,
  - (iv) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes,
  - (v) if a Minimum and/or a Maximum Rate of Interest or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum,
  - (vi) to vary any method of, or basis for, calculating an Early Redemption Amount or an Optional Redemption Amount,
  - (vii) to vary the currency or currencies of payment or denomination of the Notes, or
  - (viii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution,

in which case the necessary quorum shall be two or more persons holding or representing not less than two-thirds, or at any adjourned meeting not less than one-third, in nominal amount of the Notes for the time being outstanding.

The agreement or approval of the Noteholders shall not be required in the case of any variation of these Conditions and/or the Trust Deed required to be made in the circumstances described in Condition 5(i) or those relating to substitution or variation of the Notes pursuant to Condition 8 or any consequential amendments to these Conditions and/or the Trust Deed approved by the Trustee in connection with a substitution of the Issuer.

Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders. The Trust Deed provides that a resolution in writing signed by or on behalf of holders of not less than 90 per cent, of the aggregate nominal amount of Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held.

- (b) **Modification of the Trust Deed:** The Trustee may agree, without the consent of the Noteholders or the Couponholders, to (i) any modification of any of the provisions of the Trust Deed that is, in its opinion, of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders (provided that the Trustee's power to agree such modification shall not extend to any provision entitling Noteholders to institute proceedings for the winding-up of the Issuer which is more extensive than those set out in Condition 13, which for the avoidance of doubt may only be sanctioned by Noteholders by means of an Extraordinary Resolution). In addition, the Trustee shall be obliged to concur with the Issuer in effecting any Benchmark Amendments in the circumstances and as otherwise set out in Condition 5(i). Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable.
- (c) **Substitution:** The Trustee may, without the consent of the Noteholders or Couponholders, agree with the Issuer to the substitution on a subordinated basis equivalent to that referred to in Conditions 3 and 4 in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Notes, the Coupons and the Trust Deed of any Relevant Subsidiary or any wholly-owned Subsidiary (other than an Excluded Subsidiary) of the Issuer subject to (i) the Notes being unconditionally and irrevocably guaranteed by the Issuer, (ii) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution and (iii) certain other conditions set out in the Trust Deed being complied with. Where the Notes are to have the benefit of a guarantee provided by the Issuer and a Relevant Subsidiary or a wholly-owned Subsidiary as aforesaid, such guarantee shall be on a joint and several basis.
- (d) **Entitlement of the Trustee:** In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

## 15 INDEMNIFICATION OF THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

## **16 REPLACEMENT OF NOTES, CERTIFICATES, COUPONS AND TALONS**

If a Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

## **17 FURTHER ISSUES**

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other series where the Trustee so decides.

## **18 NOTICES**

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the *Financial Times*). If in the opinion of the Trustee any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

## **19 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

## **20 DEFINITIONS**

For the purposes of these Conditions:

an “**Accounting Event**” shall be deemed to occur if a recognised accountancy firm, acting upon instructions of the Issuer, has delivered a letter or report to the Issuer, stating that, as a result of a change in accounting

principles (or the application thereof) which have been officially adopted by the International Accounting Standards Board (or any other body responsible for IFRS or any other accounting standards that may replace IFRS) after the Issue Date of the last Tranche of the series of Notes (such date, the “**Accounting Event Adoption Date**”), the Notes may no longer be recorded as "equity" in the audited annual or the semi-annual consolidated financial statements of the Issuer pursuant to IFRS or any other accounting standards that may replace IFRS; the Accounting Event shall be deemed to have occurred on the Accounting Event Adoption Date notwithstanding any later effective date or any transitional period between the relevant Accounting Event Adoption Date and the date on which such aforementioned change comes into effect.

“**Additional Amounts**” has the meaning given to it in Condition 11.

“**Arrears of Interest**” has the meaning given to it in Condition 6(a).

“**Benchmark Frequency**” has the meaning given to it in the applicable Final Terms.

“**Benchmark Gilt**” means, in respect of a Reset Period, such United Kingdom government security customarily used in the pricing of new securities and having an actual or interpolated maturity date on or about the last day of such Reset Period as the Issuer, on the advice of an investment bank or independent financial adviser of international repute, may determine to be appropriate at the time of selection and in accordance with customary financial practice, in pricing new issuances of corporate debt securities denominated in sterling.

“**Benchmark Gilt Rate**” means, in respect of a Reset Period, the percentage rate (rounded, if necessary, to three decimal places, with 0.0005 rounded upwards) determined by the Calculation Agent on the basis of the Gilt Yield Quotations provided (upon request by or on behalf of the Issuer) by the Reset Reference Banks to the Issuer and by the Issuer to the Calculation Agent at approximately 11:00 a.m. (London time) on the Reset Determination Date in respect of such Reset Period. If at least four quotations are provided, the Benchmark Gilt Rate will be the rounded arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two or three quotations are provided, the Benchmark Gilt Rate will be the rounded arithmetic mean of the quotations provided. If only one quotation is provided, the Benchmark Gilt Rate will be the rounded quotation provided. If no quotations are provided, the Benchmark Gilt Rate will be (i) in the case of each Reset Period other than the Reset Period commencing on the First Reset Date, the Reset Rate in respect of the immediately preceding Reset Period or (ii) in the case of the Reset Period commencing on the First Reset Date, an amount specified hereon as the “First Reset Period Fallback”.

“**Business Day**” means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency and/or
- (ii) in the case of euro, a day on which T2 is open for the settlement of payments in euro (a “**TARGET Business Day**”) and/or
- (iii) in the case of a currency and/or one or more Business Centres a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

“**Broken Amount**” is as specified in the applicable Final Terms.

“**Calculation Amount**” has the meaning given to it in the applicable Final Terms.

a “**Capital Event**” shall be deemed to occur if the Issuer has received, and confirmed in writing to the Trustee that it has so received, confirmation from any Rating Agency of a change in its assessment criteria, including any amendment to, clarification of, or a change in interpretation thereof, which becomes effective on or after

the Issue Date of the last Tranche of the series of Notes (or, if later, effective after the date on which the Notes are assigned “equity credit” by such Rating Agency for the first time) and as a result of which, but not otherwise:

- (i) all or any of the Notes will no longer be eligible (or if the Notes have been partially or fully re-financed since the Issue Date of the last Tranche of the series of Notes and are no longer eligible for “equity credit” from such Rating Agency in part or in full as a result, all or any of the Notes would no longer have been eligible as a result of such change had they not been re-financed) for the same, or a higher amount of, “equity credit” (or such other nomenclature that the Rating Agency may then use to describe the degree to which an instrument exhibits the characteristics of an ordinary share) as was attributed to the Notes at the Issue Date of the last Tranche of the series of Notes (or if “equity credit” is not assigned to the Notes by the relevant Rating Agency on the Issue Date of the last Tranche of the series of Notes, at the date on which “equity credit” is assigned by such Rating Agency for the first time); or
- (ii) the length of time the Notes are assigned a particular level of “equity credit” by such Rating Agency is shortened as compared to the length of time they were assigned that level of “equity credit” by such Rating Agency under its prevailing methodology on the Issue Date of the last Tranche of the series of Notes (or if “equity credit” is not assigned to the Notes by the relevant Rating Agency on the Issue Date of the last Tranche of the series of Notes, at the date on which “equity credit” is assigned by such Rating Agency for the first time).

a “**Change of Control**” means the occurrence of an event whereby any person or any persons acting in concert (as defined in the City Code on Takeovers and Mergers), other than a holding company (as defined in Section 1159 of the Companies Act 2006 as amended) whose shareholders are or are to be substantially similar to the pre-existing shareholders of the Issuer, shall become interested (within the meaning of Part 22 of the Companies Act 2006 as amended) in (A) more than 50 per cent. of the issued or allotted ordinary share capital of the Issuer or (B) shares in the capital of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of the Issuer.

a “**Change of Control Event**” shall be deemed to occur if:

- (i) a Change of Control occurs; and
- (ii) on the date (the “**Relevant Announcement Date**”) that is the earlier of (1) the date of the first public announcement of the relevant Change of Control and (2) the date of the earliest Relevant Potential Change of Control Announcement (if any), any of the Issuer’s senior unsecured obligations (the “**Senior Unsecured Obligations**”) carry:
  - (a) a credit rating from any Rating Agency and there occurs, within the Change of Control Period, a Change of Control Rating Downgrade; or
  - (b) no credit rating and a Change of Control Negative Rating Event occurs within the Change of Control Period,

provided that an event shall be deemed not to be a Change of Control Event if, notwithstanding the occurrence of a Change of Control Rating Downgrade or a Change of Control Negative Rating Event, the rating assigned to the Senior Unsecured Obligations by any Rating Agency is subsequently increased to, or, as the case may be, there is assigned to the Senior Unsecured Obligations an investment grade credit rating (BBB-/Baa3 or their respective equivalents for the time being) or better within the Change of Control Period; and

- (iii) in making any decision to downgrade or withdraw a credit rating pursuant to paragraph (ii)(a) above or not to award a credit rating of at least investment grade as described in paragraph (ii) of the definition of Change of Control Negative Rating Event, the relevant Rating Agency announces publicly or confirms in writing to the Issuer or the Trustee that such decision(s) resulted, in whole or in part, from the occurrence of the Change of Control or the Relevant Potential Change of Control Announcement.

For the purposes of the definition of a Change of Control Event:

a “**Change of Control Negative Rating Event**” shall be deemed to have occurred if at such time as there is no rating assigned to the Senior Unsecured Obligations by a Rating Agency (i) the Issuer does not, either prior to, or not later than 21 days after, the occurrence of the Change of Control seek, and thereafter throughout the Change of Control Period use all reasonable endeavours to obtain, a rating of any of the Senior Unsecured Obligations from a Rating Agency or (ii) if the Issuer does so seek and use such endeavours, it is unable to obtain such a rating of at least investment grade (BBB-/Baa3, or their respective equivalents for the time being) from a Rating Agency by the end of the Change of Control Period, provided that in either case, there is at least one Rating Agency in operation at such time from whom to obtain such a rating. If there is no Rating Agency so in operation no Change of Control Negative Rating Event shall be deemed to occur.

“**Change of Control Period**” means the period commencing on the Relevant Announcement Date and ending 90 days after the Change of Control (or such longer period for which any of the Senior Unsecured Obligations are under consideration (such consideration having been announced publicly within the period ending 90 days after the Change of Control) for rating review or, as the case may be, rating by a Rating Agency, such period not to exceed 60 days after the public announcement of such consideration).

a “**Change of Control Rating Downgrade**” shall be deemed to have occurred in respect of a Change of Control if the then current rating assigned to the Senior Unsecured Obligations by any Rating Agency at the invitation of the Issuer (or where there is no rating from any Rating Agency assigned at the invitation of the Issuer, the then current rating (if any) assigned to the Senior Unsecured Obligations by any Rating Agency of its own volition) is withdrawn or reduced from an investment grade rating (BBB-/Baa3, or their respective equivalents for the time being, or better) to a non-investment grade rating (BB+/Ba1, or their respective equivalents for the time being, or worse) or, if the Rating Agency shall then have already rated the Senior Unsecured Obligations below investment grade (as described above), the rating is lowered one full rating category (from BB+/Ba1 to BB/Ba2 or such similar lowering) or more.

“**Change of Control Step-Up Margin**” is as specified in the applicable Final Terms.

a “**Clean-Up Call Event**” means the Clean-Up Call Threshold Percentage specified in the applicable Final Terms or more of the principal amount of the Notes originally issued (and, for these purposes, any further securities issued pursuant to Condition 17 will be deemed to have been originally issued) have been redeemed and/or purchased by the Issuer.

“**Clean-Up Call Optional Redemption Amount**” is as specified in the applicable Final Terms.

“**Clean-Up Call Threshold Percentage**” means the percentage threshold specified in the applicable Final Terms.

a “**Compulsory Arrears of Interest Settlement Event**” shall have occurred if:

- (i) a dividend (either interim or final), other distribution or payment was validly resolved on, declared, paid or made in respect of (a) ordinary shares of the Issuer, (b) any obligations of the Issuer which rank or are expressed to rank *pari passu* with the ordinary shares of the Issuer or (c) any obligations of any Subsidiaries of the Issuer benefiting from a guarantee or support agreement entered into by the Issuer which ranks, or is expressed to rank, *pari passu* with the ordinary shares of the Issuer, except where (x) such dividend, other distribution or payment was required to be resolved on, declared, paid or made in respect of any stock option plans or employees’ share schemes of the Issuer or (y) the Issuer is obliged under the terms of such securities to make such dividend, distribution or other payment; or
- (ii) a dividend (either interim or final), other distribution or payment was validly resolved on, declared, paid or made in respect of any Parity Obligations, except (x) where such dividend, distribution or payment was required to be declared, paid or made under the terms of such Parity Obligations of the Issuer or (y) for any optional partial payment of deferred interest or arrears of interest (howsoever described) on Parity

Obligations (“**Parity Obligations Arrears of Interest**”), provided that any Arrears of Interest on the Notes and all Parity Obligations Arrears of Interest on Parity Obligations outstanding at such same time are simultaneously paid on a pro rata basis; or

- (iii) the Issuer has redeemed, repurchased or otherwise acquired (a) any ordinary shares of the Issuer, (b) any obligations of the Issuer which rank or are expressed to rank *pari passu* with the ordinary shares of the Issuer or (c) any obligations of any Subsidiaries of the Issuer benefiting from a guarantee or support agreement entered into by the Issuer which ranks, or is expressed to rank, *pari passu* with the ordinary shares of the Issuer, except where (x) such repurchase or acquisition was undertaken in respect of any stock option plans or employees’ share schemes of the Issuer or (y) the Issuer is obliged under the terms of such securities to make such repurchase or acquisition; or
- (iv) the Issuer, or any Subsidiary of the Issuer, has redeemed, repurchased or otherwise acquired any Parity Obligations, except where (x) such redemption, repurchase or acquisition is effected as a public cash tender offer or public exchange offer at a purchase price per security which is below its par value or (y) the Issuer, or any Subsidiary of the Issuer, is obliged under the terms of such securities to make such redemption, repurchase or acquisition.

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Period, the “**Calculation Period**”):

- (i) if “**Actual/Actual**” or “**Actual/Actual — ISDA**” is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)
- (ii) if “**Actual/365 (Fixed)**” is specified hereon, the actual number of days in the Calculation Period divided by 365
- (iii) if “**Actual/360**” is specified hereon, the actual number of days in the Calculation Period divided by 360
- (iv) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M<sub>2</sub>**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D<sub>1</sub>**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case **D<sub>1</sub>** will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30

- (v) if “**30E/360**” or “**Eurobond Basis**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30

- (vi) if “**30E/360 (ISDA)**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>2</sub> will be 30

- (vii) if “**Actual/Actual-ICMA**” is specified hereon,

- (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

- (b) if the Calculation Period is longer than one Determination Period, the sum of:
- (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
  - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

**“Determination Date”** means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s); and

**“Determination Period”** means the period from and including a Determination Date in any year to but excluding the next Determination Date.

**“Early Redemption Amount”** means Early Redemption Amount (Tax), Early Redemption Amount (Rating), Early Redemption Amount (Accounting) and Early Redemption Amount (Change of Control), as applicable.

**“Early Redemption Amount (Accounting)”** is as specified in the applicable Final Terms.

**“Early Redemption Amount (Change of Control)”** is as specified in the applicable Final Terms.

**“Early Redemption Amount (Rating)”** is as specified in the applicable Final Terms.

**“Early Redemption Amount (Tax)”** is as specified in the applicable Final Terms.

**“EURIBOR”** means, in respect of any specified currency and any specified period, the interest rate benchmark known as the Euro zone interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the European Banking Federation based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic EURIBOR rates can be obtained from the designated distributor).

**“Excluded Subsidiary”** means any Subsidiary of the Issuer:

- (i) which is a single purpose company whose principal assets and business are constituted by the ownership, acquisition, development and/or operation of an asset;
- (ii) none of whose Indebtedness For Borrowed Money in respect of the financing of such ownership, acquisition, development and/or operation of an asset is subject to any recourse whatsoever to any member of the Group (other than such Subsidiary or another Excluded Subsidiary) in respect of the repayment thereof, except as expressly referred to in paragraph (ii) of the definition of Project Finance Indebtedness; and
- (iii) which has been designated as such by the Issuer by written notice to the Trustee,

provided that the Issuer may give written notice to the Trustee at any time that any Excluded Subsidiary is no longer an Excluded Subsidiary, whereupon it shall cease to be an Excluded Subsidiary.

**“First Margin”** means, in respect of the First Reset Period, the margin (expressed as a percentage) specified in the applicable Final Terms as applying to the First Reset Period.

**“First Reset Date”** means the date specified in the applicable Final Terms.

**“First Reset Period”** means the period from (and including) the First Reset Date until (but excluding) the first Subsequent Reset Date.

“**First Reset Period Fallback**” has the meaning given to it in the applicable Final Terms.

“**First Reset Rate of Interest**” means the rate of interest being determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Reset Rate plus the First Margin (with such sum converted (if necessary) from a basis equivalent to the Benchmark Frequency to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes during the First Reset Period (such calculation to be made by the Calculation Agent)).

“**Fixed Coupon Amount**” is as specified in the applicable Final Terms.

“**Gilt Yield Quotations**” means, with respect to a Reset Reference Bank and a Reset Period, the arithmetic mean of the bid and offered yields (on a semi-annual compounding basis) for the Benchmark Gilt in respect of that Reset Period, expressed as a percentage, as quoted by such Reset Reference Bank.

“**Group**” means the Issuer and its Subsidiary Undertakings and “**member of the Group**” shall be construed accordingly.

“**IFRS**” means International Financial Reporting Standards as adopted by the United Kingdom.

“**Indebtedness For Borrowed Money**” means any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of (i) money borrowed, (ii) liabilities under or in respect of any acceptance or acceptance credit or (iii) any notes, bonds, debentures, debenture stock, loan stock or other securities offered, issued or distributed whether by way of public offer, private placing, acquisition consideration or otherwise and whether issued for cash or in whole or in part for a consideration other than cash.

“**Initial Rate of Interest**” means the initial rate of interest per annum specified hereon.

“**Interest Amount**” means:

- (i) in respect of an Interest Period, the amount of interest payable per Calculation Amount for that Interest Period and which, in the case of the period from (and including) the Interest Commencement Date until (but excluding) the First Reset Date, unless the Initial Rate of Interest has been increased in accordance with Condition 5(h) or unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the relevant Interest Period; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

“**Interest Commencement Date**” means the Issue Date or such other date as may be specified hereon.

“**Interest Payment**” means, in respect of an interest payment on an Interest Payment Date, the amount of interest which is (or would but for deferral in accordance with these Conditions, be) due and payable on such Interest Payment Date in accordance with Condition 5.

“**Interest Payment Date(s)**” means the date(s) specified in the applicable Final Terms.

“**Interest Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

“**Issue Date**” is as specified in the applicable Final Terms.

“**Mandatory Settlement Date**” means the earlier of:

- (i) the date which is 10 Business Days following the occurrence of a Compulsory Arrears of Interest Settlement Event;
- (ii) the next scheduled Interest Payment Date on which interest on the Notes is paid; or

(iii) the date on which the Notes are redeemed or repaid in accordance with Condition 4, Condition 7 or Condition 13.

**“Mid-Swap Quotations”** means the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed for floating interest rate swap transaction in euro which (i) has a term commencing on the relevant Reset Date which is equal to that of the relevant Reset Period; (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market; and (iii) has a Floating Leg based on the 6-month EURIBOR rate (calculated on an Actual/360 day count basis), unless as otherwise specified hereon.

**“Mid-Swap Rate”** means in respect of a Reset Period, (i) the applicable semi-annual or annual (as specified hereon) mid-swap rate for swap transactions in the Specified Currency (with a maturity equal to that of the relevant Reset Period specified hereon) as displayed on the Mid-Swap Screen Page at 11.00 a.m. (in the principal financial centre of the Specified Currency) on the relevant Reset Determination Date or (ii) if such rate is not displayed on the Mid-Swap Screen Page at such time and date, the relevant Reset Reference Bank Rate.

**“Mid-Swap Screen Page”** means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Mid-Swap Screen Page in the applicable Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying the Mid-Swap Rate.

**“Optional Redemption Amount”** means Clean-Up Call Optional Redemption Amount and Optional Redemption Amount (Issuer Call), as applicable.

**“Optional Redemption Amount (Issuer Call)”** is as specified in the applicable Final Terms.

**“Parity Obligations”** means (if any) (i) the most junior class of preference share capital in the Issuer and any other obligations of the Issuer, issued directly or indirectly by it, which rank, or are expressed to rank, *pari passu* with the Notes or such preference shares and (ii) any obligations of any Subsidiaries of the Issuer benefiting from a guarantee or support agreement entered into by the Issuer which ranks, or is expressed to rank, *pari passu* with the Notes or such preference shares.

*The Parity Obligations as at the time of issuance will be specified in Part B of the applicable Final Terms as “Parity Obligations”.*

**“Project Finance Indebtedness”** means any present or future indebtedness incurred to finance the ownership, acquisition, development and/or operation of an asset, whether or not an asset of a member of the Group:

- (i) which is incurred by an Excluded Subsidiary; or
- (ii) in respect of which the person or persons to whom any such indebtedness is or may be owed by the relevant borrower (whether or not a member of the Group) has or have no recourse whatsoever to any member of the Group (other than an Excluded Subsidiary) for the repayment thereof other than:
  - (A) recourse for amounts limited to the cash flow or net cash flow (other than historic cash flow or historic net cash flow) from such asset; and/or
  - (B) recourse for the purpose only of enabling amounts to be claimed in respect of such indebtedness in an enforcement of any encumbrance given by such borrower over such asset or the income, cash flow or other proceeds deriving therefrom (or given by any shareholder or the like in the borrower over its shares or the like in the capital of the borrower) to secure such indebtedness, provided that (aa) the extent of such recourse is limited solely to the amount of any recoveries made on any such enforcement and (bb) such person or persons is/are not entitled, by virtue of any right or claim arising out of or in connection with such indebtedness, to commence

proceedings for the winding up or dissolution of any member of the Group (other than an Excluded Subsidiary) or to appoint or procure the appointment of any receiver, trustee or similar person or officer in respect of any member of the Group (other than an Excluded Subsidiary) or any of its assets (save for the assets the subject of such encumbrance); and/or

- (C) recourse under any form of assurance, undertaking or support, which recourse is limited to a claim for damages (other than liquidated damages and damages required to be calculated in a specified way) for breach of an obligation (not being a payment obligation or an obligation to procure payment by another or an indemnity in respect thereof or any obligation to comply or to procure compliance by another with any financial ratios or other tests of financial condition) by any member of the Group (other than an Excluded Subsidiary).

“**Qualifying Notes**” has the meaning given to it in Condition 8.

References to the Notes being “**rated**” are to the Notes having a rating from a Rating Agency.

“**Rate of Interest**” means the rate of interest payable from time to time in respect of the Notes and that is either specified or calculated in accordance with the provisions hereon.

“**Rating Agency**” means Moody’s Investors Service, Inc. or any of its Subsidiaries and their successors (“**Moody’s**”), S&P Global Ratings or any of its Subsidiaries and their successors (“**S&P**”) or Fitch Ratings, Inc or any of its Subsidiaries and their successors (“**Fitch**”) or any rating agency substituted for any of them (or any permitted substitute of them) by the Issuer from time to time with the prior written approval of the Trustee (such approval not to be unreasonably withheld or delayed having regard to the interests of Noteholders).

“**Relevant Potential Change of Control Announcement**” means any public announcement or statement by the Issuer, any actual or potential bidder or any adviser acting on behalf of any actual or potential bidder relating to any potential Change of Control where within 180 days following the date of such announcement or statement, a Change of Control occurs.

“**Relevant Subsidiary**” means a wholly-owned Subsidiary of the Issuer or of another Relevant Subsidiary which is a guarantor in respect of, or is a primary obligor under, the Notes as contemplated in Condition 14(c).

“**Relevant Taxing Jurisdiction**” means the United Kingdom or (if different) any jurisdiction in which the Issuer is resident for tax purposes at the time of payment, and any political subdivision or taxing authority thereof or therein having power to tax.

“**Reporting Accountants**” means the auditors for the time being of the Issuer (but not acting in their capacity as auditors) or such other firm of accountants as may be nominated by the Issuer and approved in writing by the Trustee for the purpose (such approval not to be unreasonably withheld or delayed having regard to the interests of the Noteholders) or, failing which, as may be selected by the Trustee for the purpose.

“**Reset Date**” means the First Reset Date and/or each Subsequent Reset Date, as the case may be.

“**Reset Determination Date**” means, in respect of a Reset Period, (a) each date specified as such hereon or, if none is so specified, (b) (i) if the Specified Currency is sterling, the first Business Day of such Reset Period or (ii) if the Specified Currency is euro, the day falling two TARGET Business Days prior to the first day of such Reset Period.

“**Reset Period**” means the First Reset Period or a Subsequent Reset Period.

“**Reset Rate**” means (a) if “**Mid-Swap Rate**” is specified hereon, the relevant Mid-Swap Rate or (b) if “**Benchmark Gilt Rate**” is specified hereon, the relevant Benchmark Gilt Rate.

“**Reset Reference Bank Rate**” means the percentage rate determined on the basis of the Mid-Swap Quotations provided by the Reset Reference Banks to the Calculation Agent at the request of the Issuer at or around 11:00 a.m. in the principal financial centre of the Specified Currency on the relevant Reset Determination Date and

rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards). If at least four quotations are provided, the Reset Reference Bank Rate will be the rounded arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two or three quotations are provided, the Reset Reference Bank Rate will be the rounded arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Bank Rate will be the rounded quotation provided. If no quotations are provided, the Reset Reference Bank Rate will be (i) in the case of each Reset Period other than the Reset Period commencing on the First Reset Date, the relevant Mid-Swap Rate in respect of the immediately preceding Reset Period or (ii) in the case of the Reset Period commencing on the First Reset Date, the percentage rate specified hereon as the “First Reset Period Fallback”.

“**Reset Reference Banks**” means (i) in the case of the calculation of a Reset Reference Bank Rate where “Mid-Swap Rate” is specified hereon, five leading swap dealers in the principal interbank market relating to the Specified Currency or (ii) in the case of a Benchmark Gilt Rate, five brokers of gilts and/or gilt-edged market makers, in each case, as selected by the Issuer.

“**Senior Obligations**” means all obligations of the Issuer, issued directly or indirectly by it, other than Parity Obligations and the ordinary share capital of the Issuer.

“**Special Event**” means any of an Accounting Event, a Capital Event, a Clean-Up Call Event, a Tax Deductibility Event or a Withholding Tax Event or any combination of the foregoing.

“**Specified Currency**” means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

“**Subsequent Margin**” means, in respect of a Subsequent Reset Period, the relevant margin (expressed as a percentage) specified in the applicable Final Terms as applying to such Subsequent Reset Period.

“**Subsequent Reset Date**” means the date or dates specified in the applicable Final Terms.

“**Subsequent Reset Period**” means the period from (and including) the first Subsequent Reset Date to (but excluding) the next succeeding Subsequent Reset Date, and each successive period from (and including) a Subsequent Reset Date to (but excluding) the next succeeding Subsequent Reset Date.

“**Subsequent Reset Rate of Interest**” means, in respect of any Subsequent Reset Period, the rate of interest being determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Reset Rate plus the relevant Subsequent Margin (with such sum converted (if necessary) from a basis equivalent to the Benchmark Frequency to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes during the relevant Subsequent Reset Period (such calculation to be made by the Calculation Agent)).

“**Subsidiary**” means a subsidiary within the meaning of Section 1159 of the Companies Act 2006.

“**Subsidiary Undertaking**” shall have the meaning given to it by Section 1162 of the Companies Act 2006 (but, in relation to the Issuer, shall exclude any undertaking (as defined in Section 1161 of the Companies Act 2006) whose accounts are not included in the then latest published audited consolidated accounts of the Issuer, or (in the case of an undertaking which has first become a subsidiary undertaking of a member of the Group since the date as at which any such audited accounts were prepared) would not have been so included or consolidated if it had become so on or before that date).

a “**Tax Deductibility Event**” shall be deemed to have occurred if as a result of a Tax Law Change:

- (i) in respect of, or as a result of, the Issuer’s obligation to make any Interest Payment on the next following Interest Payment Date, the Issuer would not be entitled to claim a deduction in computing its taxation liabilities in the Relevant Taxing Jurisdiction or such entitlement is materially reduced or materially delayed (a disallowance);

- (ii) the Notes are prevented from being treated as loan relationships for tax purposes in the Relevant Taxing Jurisdiction; or
- (iii) in respect of the Issuer's obligation to make any Interest Payment on the next following Interest Payment Date, where a deduction arises in respect of such Interest Payment the Issuer would not to any material extent be entitled to have such deduction set against the profits of companies with which it is grouped for applicable tax purposes in the Relevant Taxing Jurisdiction (whether under the group relief system current as at the Issue Date of the last Tranche of the series of Notes or any similar system or systems having like effect as may from time to time exist) otherwise than as a result of a disallowance within (i),

and, in each case, the Issuer cannot avoid the foregoing in connection with the Notes by taking measures reasonably available to it, provided measures reasonably available to the Issuer shall not include allocating a disallowance provided for in (i) above to any other company or security.

**"Tax Law Change"** means a change in or proposed change in, or amendment or proposed amendment to, the laws or regulations of the Relevant Taxing Jurisdiction, including any treaty to which the Relevant Taxing Jurisdiction is a party, or any change in the application of official or generally published interpretation of such laws or regulations, including a decision of any court or tribunal, or any interpretation or pronouncement by any relevant tax authority that provides for a position with respect to such laws or regulations or interpretation thereof that differs from the previously generally accepted position in relation to similar transactions, which change or amendment becomes, or would become, effective on or after the Issue Date of the last Tranche of the Notes.

**"T2"** means the real time gross settlement system operated by the Eurosystem, or any successor system.

**"wholly-owned Subsidiary"** means a 100 per cent. owned Subsidiary of the Issuer.

a **"Withholding Tax Event"** shall be deemed to occur if as a result of a Tax Law Change, in making any payments on the Notes, the Issuer has paid or will or would on the next Interest Payment Date be required to pay Additional Amounts on the Notes and the Issuer cannot avoid the foregoing in connection with the Notes by taking measures reasonably available to it.

Any reference to an obligation being guaranteed shall include a reference to an indemnity being given in respect of such obligation.

## 21 GOVERNING LAW

### (a) Governing law

The Trust Deed, the Notes, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law, save for the provisions contained in Conditions 3 and 4 which shall be governed by the laws of Scotland.

### (b) Jurisdiction

The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed or the Notes other than Condition 3 and 4 (**"Excluded Matters"**), in respect of which the courts of Scotland shall have jurisdiction) and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed or any Notes (including any legal action or proceedings relating to non-contractual obligations arising out of or in connection with them) (**"Proceedings"**) may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of the courts of England in respect of any such Proceedings (other than in respect of Excluded Matters) and to the jurisdiction of the courts of Scotland in respect of any Proceedings relating to Excluded Matters.

## SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

### 1 INITIAL ISSUE OF NOTES

If the Global Notes are stated in the applicable Final Terms to be issued in NGN form, (i) they will be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper and (ii) the relevant clearing systems will be notified whether or not such Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Depositing the Global Notes with the Common Safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Global Notes which are issued in CGN form and Certificates may be delivered on or prior to the original issue date of the Tranche to a Common Depository.

If the Global Note is a CGN, upon the initial deposit of the Global Note with a common depository for Euroclear and Clearstream, Luxembourg (the “**Common Depository**”) or registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the relative Global Certificate to the Common Depository, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid. If the Global Note is an NGN, the nominal amount of the relevant Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Notes that are initially deposited with the Common Depository may also be credited (if indicated in the applicable Final Terms) to the accounts of subscribers with other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

### 2 RELATIONSHIP OF ACCOUNTHOLDERS WITH CLEARING SYSTEMS

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other permitted clearing system (“**Alternative Clearing System**”) as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

### 3 EXCHANGE

#### 3.1 Temporary Global Notes

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (i) if the applicable Final Terms indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see “*Overview of the Programme — Selling Restrictions*”), in whole, but not in part, for the Definitive Notes defined and described below; and
- (ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the applicable Final Terms, for Definitive Notes.

In relation to any issue of Notes which is represented by a Temporary Global Note which is expressed to be exchangeable for definitive Bearer Notes at the option of Noteholders, such Notes shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination and multiples thereof).

### **3.2 Permanent Global Notes**

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under paragraph 3.4 below, in part for Definitive Notes:

- (i) if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so; or
- (ii) if principal in respect of any Notes is not paid when due, by the holder giving notice to the Trustee of its election for such exchange.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

### **3.3 Permanent Global Certificates**

If the Final Terms state that the Notes are to be represented by a permanent Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) may only be made in part:

- (i) if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (ii) if principal in respect of any Notes is not paid when due; or (iii) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph 3.3(i) or 3.3(ii) above, the Registered Holder has given the Registrar not less than 30 days’ notice at its specified office of the Registered Holder’s intention to effect such transfer.

### 3.4 Partial Exchange of Permanent Global Notes

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions for Definitive Notes if principal in respect of any Notes is not paid when due.

### 3.5 Delivery of Notes

If the Global Note is a CGN, on or after any due date for exchange, the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes or if the Global Note is a NGN, the Issuer will procure that details of such exchange be entered *pro rata* in the records of the relevant clearing system. In this Prospectus, “**Definitive Notes**” means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons in respect of interest that has not already been paid on the Global Note and a Talon). Definitive Notes will be security printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

### 3.6 Exchange Date

“**Exchange Date**” means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and in the city in which the relevant clearing system is located.

## 4 AMENDMENT TO CONDITIONS

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Prospectus. The following is a summary of certain of those provisions:

### 4.1 Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note in CGN form will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. If the Global Note is a CGN, a record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes. If the Global Note is a NGN, the Issuer shall procure that details of each such payment shall be entered

*pro rata* in the records of the relevant clearing system and in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note will be reduced accordingly. Payments under the NGN will be made to its holder. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of "business day" set out in Condition 8(h).

All payments in respect of Notes represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be the Clearing System Business Day immediately prior to the date for payment, where Clearing System Business Day means each Monday, Tuesday, Wednesday, Thursday and Friday except 25 December and 1 January.

#### **4.2 Prescription**

Claims against the Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 9).

#### **4.3 Meetings**

The holder of a permanent Global Note or of the Notes represented by a Global Certificate shall (unless such permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. (All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholder's holding, whether or not represented by a Global Certificate.)

#### **4.4 Cancellation**

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note.

#### **4.5 Purchase**

Notes represented by a permanent Global Note may only be purchased by the Issuer or any of its subsidiaries provided that they are purchased together with the rights to receive all future payments of interest thereon.

#### **4.6 Issuer's Option**

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of account holders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) or any other Alternative Clearing System (as the case may be).

#### **4.7 Noteholders' Options**

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Issuing and Paying Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time, where the permanent Global Note is a CGN, presenting the permanent Global Note to the Issuing and Paying Agent for notation. Where the Global Note is a NGN, the Issuer shall procure that details of such exercise shall be entered *pro rata* in the records of the relevant clearing system and the nominal amount of the Notes recorded in those records will be reduced accordingly.

#### **4.8 NGN nominal amount**

Where the Global Note is a NGN, the Issuer shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, in addition to the circumstances set out above shall be entered in the records of the relevant clearing systems and upon any such entry being made, in respect of payments of principal, the nominal amount of the Notes represented by such Global Note shall be adjusted accordingly.

#### **4.9 Trustee's Powers**

In considering the interests of Noteholders while any Global Note is held on behalf of, or Registered Notes are registered in the name of any nominee for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note or Registered Notes and may consider such interests as if such accountholders were the holders of the Notes represented by such Global Note or Global Certificate.

#### **4.10 Notices**

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note.

### **5 Electronic Consent and Written Resolution**

While any Global Note is held on behalf of, or any Global Certificate is registered in the name of any nominee for, a clearing system, then:

- (a) approval of a resolution proposed by the Issuer or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 90 per cent. in nominal amount of the Notes outstanding (an “**Electronic Consent**”) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which the Special Quorum (as provided for in the Trust Deed) was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders and holders of Coupons and Talons whether or not they participated in such Electronic Consent; and
- (b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Trust Deed) has been validly passed, the Issuer and the Trustee shall be

entitled to rely on consent or instructions given in writing directly to the Issuer and/or the Trustee, as the case may be, by (a) accountholders in the clearing systems with entitlements to such Global Note or Global Certificate and/or, where (b) the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer and the Trustee shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream, Luxembourg or any other relevant alternative clearing system (the “**relevant clearing system**”) and, in the case of (b) above, the relevant clearing system and the accountholder identified by the relevant clearing system for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Noteholders and the Couponholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear’s EUCLID or Clearstream, Luxembourg’s CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. Neither the Issuer nor the Trustee shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

## 6 CREST Depository Interests

If so specified in the applicable Final Terms, following the delivery of an issue of Senior Notes into a relevant clearing system, investors may also hold interests in Senior Notes denominated in Sterling, euro or U.S. dollars through CREST through the issuance of CREST Depository Interests or CDIs issued, held, settled and transferred through CREST, representing interests in the Underlying Notes. CREST Depository Interests or CDIs are independent securities distinct from the Senior Notes, constituted under, and governed by, English law and transferred through CREST and will be issued by CREST Depository pursuant to the CREST Deed Poll.

The CDIs will represent indirect interests in the interest of CREST International Nominees Limited (the “**CREST Nominee**”) in the Underlying Notes. Pursuant to the CREST Manual (as defined below), Senior Notes held in global form by the common depository or common safekeeper may be settled through CREST, and the CREST Depository will issue CDIs.

Interests in the Underlying Notes will be credited to the CREST Nominee’s account with a Relevant Clearing System and the CREST Nominee will hold such interests as nominee for the CREST Depository which will issue CDIs to the relevant CREST participants.

The Specified Denominations of the Underlying Notes and CDIs will be aligned so that each CDI will be treated by the CREST Depository as if it were equivalent to an Underlying Note representing the Specified Denomination, for the purposes of determining all rights and obligations and all amounts payable in respect thereof. Subject to paragraph (g) below, the CREST Depository will pass on to holders of CDIs (“**CDI Holders**”) any interest or other amounts received by it as holder of the Underlying Notes on trust for such CDI Holders. CDI Holders will also be able to receive from the CREST Depository notices of meetings of holders of Underlying Notes and certain other relevant notices issued by the relevant Issuer (as detailed in the CREST Manual (as that term is defined below)). CDI Holders ability to participate in meetings of holders of Underlying Notes will be governed by arrangements between CREST, and the relevant clearing systems, including the CREST Deed Poll.

Transfers of interests in Underlying Notes by a CREST participant to a participant of a Relevant Clearing System will be effected by cancellation of the corresponding CDIs and transfer of an interest in such Underlying

Notes to the account of the relevant participant with a Relevant Clearing System. Transfers of interests in CDIs between CREST participants will be effected through book entries in CREST.

The CDIs will have the same ISIN as the ISIN of the Underlying Notes and will benefit from the listing of the Underlying Notes on the Official List.

Prospective subscribers for Senior Notes represented by CDIs are referred to Chapter 6 (Crest International Manual) of the CREST Manual issued by Euroclear UK & Ireland (including the CREST International Manual dated 7 January 2026) as amended, modified, varied or supplemented from time to time (the “CREST Manual”) which contains the form of the CREST Deed Poll to be entered into by the CREST Depository. The rights of the CDI Holders will be governed by the arrangements between CREST, the Relevant Clearing Systems and the relevant Issuer including the CREST Deed Poll (in the form contained in Chapter 6 of the CREST International Manual (which forms part of the CREST Manual)) executed by the CREST Depository. These rights may be different from those of holders of Senior Notes which are not represented by CDIs.

If issued, CDIs will be delivered, held and settled in CREST, by means of the CREST International Settlement Links Service (the “CREST International Settlement Links Service”). The settlement of the CDIs by means of the CREST International Settlement Links Service has the following consequences for CDI Holders:

- (a) CDI Holders will not be the legal owners of the Underlying Notes. The CDIs are separate legal instruments from the Underlying Notes to which they relate and represent an indirect interest in such Underlying Notes.
- (b) The Underlying Notes themselves (as distinct from the CDIs representing indirect interests in such Underlying Notes) will be held in an account with a custodian for CREST. The custodian will hold the Underlying Notes through a Relevant Clearing System. Rights in the Underlying Notes will be held through custodial and depository links through the appropriate Relevant Clearing Systems. The legal title to the Underlying Notes or to interests in the Underlying Notes will depend on the rules of the Relevant Clearing System in or through which the Underlying Notes are held.
- (c) Rights under the Underlying Notes cannot be enforced by CDI Holders except indirectly through the intermediary depositories and custodians described above. The rights of CDI Holders to the Underlying Notes are represented by the entitlements against the CREST Depository which (through the CREST Nominee) holds interests in the Underlying Notes. The enforcement of rights under the Underlying Notes will therefore be subject to the local law of the relevant intermediary. This could result in an elimination or reduction in the payments that otherwise would have been made in respect of the Underlying Notes in the event of any insolvency or liquidation of the relevant intermediary, in particular where the Underlying Notes held in Relevant Clearing Systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries.
- (d) The CDIs issued to CDI Holders will be constituted and issued pursuant to the CREST Deed Poll. CDI Holders will be bound by all provisions of the CREST Deed Poll and by all provisions of or prescribed pursuant to the CREST Manual and the CREST Rules (the “**CREST Rules**”) (contained in the CREST Manual) applicable to the CREST International Settlement Links Service and CDI Holders must comply in full with all obligations imposed on them by such provisions.
- (e) Potential investors should note that the provisions of the CREST Deed Poll, the CREST Manual and the CREST Rules contain indemnities, warranties, representations and undertakings to be given by CDI Holders and limitations on the liability of the issuer of the CDIs and the CREST Depository.
- (f) CDI Holders may incur liabilities resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the money invested by them. The attention of potential investors is drawn to the terms of the CREST Deed Poll, the CREST Manual and the CREST Rules, copies of which are available from CREST at 33 Cannon Street, London EC4M 5SB or by calling +44

(0) 207 849 0000 or from the CREST website (at 1 June 2026, being at <https://www.euroclear.com/en.html>).

- (g) Potential investors should note that CDI Holders may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement Links Service. These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it under the CREST Deed Poll and any taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of the Senior Notes through the CREST International Settlement Links Service. This could result in an elimination or reduction in the payments that otherwise would have been made in respect of the Senior Notes represented by CDIs.
- (h) Potential investors should note that none of the relevant Issuer, the relevant Dealer, the Trustee and the Agents will have any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.
- (i) Potential Investors should note that Senior Notes represented upon issue by a Temporary Global Note exchangeable for a Permanent Global Note will not be immediately eligible for CREST settlement as CDIs. In such case, potential investors investing in the Underlying Notes through CDIs will only receive the CDIs after such Temporary Global Note is exchanged for a Permanent Global Note, which could take up to 40 days after the completion of the distribution of the tranche of the relevant Senior Notes. It is anticipated that Senior Notes eligible for CREST settlement as CDIs will be issued initially in the form of, in the case of Bearer Notes, a Permanent Global Note or, in the case of Registered Notes, a Global Certificate.
- (j) Potential investors should be aware that the creation of CDIs relating to the Senior Notes could, if not completed correctly, result in a liability to stamp duty reserve tax payable by such investors. A person creating a CDI will be required to provide confirmation to Euroclear that the Senior Notes are exempt from the requirements to pay stamp duty reserve tax.

## USE OF PROCEEDS

An amount equal to the net proceeds from each issue of each Tranche of Notes will be applied, as indicated in the applicable Final Terms, either:

- (a) for general corporate purposes; or
- (b) exclusively to finance or refinance, in whole or in part, Eligible Green Projects.

### **Green Bonds**

#### **Use of proceeds**

If the applicable Final Terms specify that a Tranche of Notes are “**Green Bonds**” then the Issuer will use an amount equal to the net proceeds of the issuance of the Notes to finance or refinance Eligible Green Projects that are in pre-construction, under construction or have completed in the previous 36 months. This will include costs relating to development, acquisition, maintenance and/or operation expenditure, in accordance with the Sustainability Financing Framework.

“**Eligible Green Projects**” means (i) projects relating to electricity generation facilities that produce electricity from renewable sources, and (ii) projects relating to the transmission and distribution network infrastructure that facilitates the transition to lower-carbon electricity systems:

<b>Relevant Eligible Green Project Categories</b>	<b>Project Type</b>	<b>Relevant SSE Business Units</b>	<b>Relevant EU Taxonomy technical screening criteria</b>	<b>Sustainable development goal</b>
<b>Renewable energy</b>	Electricity generation facilities that produce electricity from renewable sources. This includes wind (onshore and offshore).	SSE Renewables	4.3 Electricity generation from wind power	7 Affordable and Clean Energy 13 Climate Action
<b>Electricity networks</b>	Transmission and distribution network infrastructure that facilitates the transition to lower-carbon electricity systems.	Scottish Hydro Electric Transmission plc, Scottish Hydro Electric Power Distribution plc, and Southern Electric Power Distribution plc	4.9. Transmission and distribution of electricity	7 Affordable and Clean Energy 13 Climate Action

#### **Process for project evaluation and selection**

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

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

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

### **Management of proceeds**

An amount equal to the net proceeds of the issuance of Green Bonds is to be used for the refinancing and financing of Eligible Green Projects. An amount equal to the net proceeds will be directly allocated to the refinancing of the projects to the level of capital expenditure spent at the time of settlement and will then be allocated on a monthly basis to projects to cover ongoing capital expenditure.

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

In the event of divestment of any included project, either completed or under construction, the SSE Group intends to include other Eligible Green Projects. Where possible, the SSE Group will seek to maintain a ratio of 1.2:1 of over collateralised eligible Green assets to Green Bonds.

### **Reporting**

#### *Allocation reporting*

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

Where the SSE Group refinances its equity share within a joint venture it will be reported on an equity stake basis. Should there be any variance in the initial allocation reporting, such as divestments, the SSE Group will update the allocation report within one year.

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

#### *Impact reporting*

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

## SUSTAINABILITY FINANCING FRAMEWORK

On 10 December 2025, SSE updated its Sustainability Financing Framework. The Sustainability Financing Framework has been updated in accordance with both the Green Bond Principles (published in 2025, the “**GBP**”) and the Sustainability-Linked Bond Principles (published in June 2024, the “**SLBP**”), both administered by the International Capital Markets Association (“**ICMA**”). The Sustainability Financing Framework is also focussed on climate solutions that are aligned to the Technical Screening Criteria for climate change mitigation of the EU Taxonomy.

The Sustainability Financing Framework is available at: <https://www.sse.com/SustainabilityFinancingFramework>.

The Sustainability Financing Framework updates the framework applicable to Green Bonds (the Green Financing Framework) and the framework applicable to Sustainability-Linked Notes (the “**Sustainability-Linked Financing Framework**”). The KPIs described in the Sustainability-Linked Financing Framework are not reflected in the Terms and Conditions of the Senior Notes as SSE currently has no intention for any Issuer to issue Notes with a sustainability-linked coupon step-up.

SSE has obtained a Second Party Opinion from S&P Global Ratings, a qualified external reviewer, to assess the alignment of the Sustainability Financing Framework with relevant market principles, including the GBP and SLBP published by ICMA.

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

The Second Party Opinion can be found at <https://www.sse.com/SustainabilityFinancingFramework>.

For the avoidance of doubt, none of the Sustainability Financing Framework, the Second Party Opinion, any reports or any related opinions are, nor shall they be deemed to be, incorporated in, and/or form part of, this Prospectus.

## DESCRIPTION OF THE ISSUERS

SSE plc (“SSE”) was incorporated with limited liability in Scotland under the Companies Act 1985 with registration number SC117119 on 1 April 1989 for an unlimited term. SSE was originally incorporated as North of Scotland Electricity plc., and on 1 August 1989 it changed its name to Scottish Hydro-Electric plc. In December 1998, Scottish Hydro-Electric plc merged with Southern Electric plc, whereby Scottish Hydro-Electric plc acquired Southern Electric plc and subsequently changed its name on 14 December 1998 to Scottish and Southern Energy plc, with a further name change to SSE plc on 30 September 2011 (SSE and its subsidiaries being the “SSE Group”). SSE is the broadest energy-based company in the UK, being the only company operating in the generation, transmission, distribution and supply of energy. It has a market capitalisation of £31.2 billion and was the 22nd largest company in the FTSE 100 as at 31 March 2026. The address of SSE’s registered office is Inveralmond House, 200 Dunkeld Road, Perth PH1 3AQ and the telephone number of the main switchboard at the registered office is 01738 456 724. The website of SSE is sse.com. No information on such website forms part of this Prospectus except as specifically incorporated by reference, see “Documents Incorporated by Reference”.

SSE is a holding company and depends on the dividends, distributions and other payments from its subsidiaries to fund its operations.

### Board of Directors of SSE

As at the date of this Prospectus, the members of the Board of Directors of SSE, all of Inveralmond House, 200 Dunkeld Road, Perth PH1 3AQ, UK are as follows:

Name	Title
Sir John Manzoni KCB	Chair
Martin Pibworth	Chief Executive
Barry O’Regan	Chief Financial Officer
Hixonia Nyasulu	Senior Independent Director
Tony Cocker	Non-Executive Director
Maarten Wetselaar	Non-Executive Director
Helen Mahy CBE	Non-Executive Director
Melanie Smith CBE	Non-Executive Director
Dame Angela Strank DBE	Non-Executive Director
Rt. Hon. Lady Elish Angiolini LT DBE KC	Non-Executive Director
Debbie Crossbie	Non-Executive Director
John Bason	Non-Executive Director

The members of the Board of Directors of SSE have the following significant outside activities:

- **Sir John Manzoni KCB** is Chair of Diageo plc and Non-Executive Director of KBR Inc..
- **Martin Pibworth** is Chair of the CBI Scottish Council.
- **Barry O’Regan** has no significant outside appointments.
- **Hixonia Nyasulu** is Vice Chair and a Non-Executive Director of Olam Agri Holdings
- **Tony Cocker** is Chair of Infinis Energy Management, Future Biogas Holdco and Energy Systems Catapult.
- **Maarten Wetselaar** is Chief Executive Officer of Moeve (formerly CEPSA) and Senior advisor to AtlasInvest.
- **Melanie Smith CBE** is Chief Executive Officer of ATG Entertainment, Chair of Mocaraka Trust and Deputy Chair of Sadlers Wells.

- **Dame Angela Strank DBE** is a Non-Executive Director of Rolls Royce plc, Non-Executive Director and Chair of Sustainable Development Committee at Mondi plc, and Member of Rio Tinto’s Innovation Advisory Council.
- **Rt. Hon. Lady Elish Angiolini LT DBE KC** is Chair of the Angiolini Inquiry and Chair of Board of Trustees of Reprieve.
- **Debbie Crosbie** is Group CEO of Nationwide Building Society, Member of the FCA Practitioner Panel and Fellow of Chartered Institute of Bankers.
- **John Bason** is Chair of Bloomsbury Publishing plc, Primark Strategic Advisory Board and UK Deposit Management Organisation.

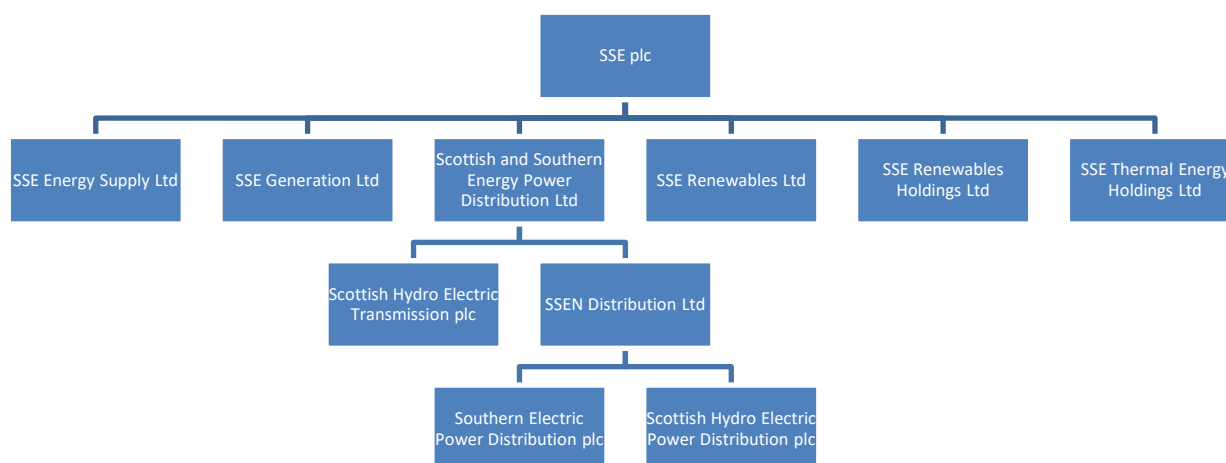
There are no potential conflicts of interest between the duties of any of the members of the Board of Directors of SSE and his/her private interests and/or other duties.

### Acquisitions and Disposals

During the financial year to 31 March 2026 there have been no disposals or acquisitions.

### The SSE Group

#### SSE Group — principal subsidiaries as at 31 March 2026



The SSE Group invests in, develops, builds and operates electricity infrastructure and businesses needed for a clean, secure and affordable energy system. Its diversified portfolio includes onshore and offshore wind farms, hydro-electric power, flexible thermal generation, solar and batteries and electricity transmission and distribution networks. It also provides energy and services to businesses and other customers. The SSE Group’s 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 clean energy transition.

The SSE Group's resilient portfolio of assets and businesses offer a combination of networks, renewables and flexibility, which the SSE Group consider to be fully aligned to the strategic themes which underpin the energy transition in this decade and the next. The combination of index-linked earnings, mixed businesses and premium assets contribute to the SSE Group's resilience. SSE is creating a new type of power system driven by clean renewable energy, flexible generation and grids to aid decarbonisation. In the North Sea SSE is developing offshore wind farms like Dogger Bank and Berwick Bank. On dry land flexible gas plants like Keadby complement renewables by keeping the lights on when the wind doesn’t blow. SSE’s customer-facing businesses provides resilience and diversity as well as direct interaction with the society SSE serves. SSE also trades and sells energy to maximise the value for SSE's assets.

In November 2025, SSE announced a five-year £33 billion investment plan, with the upweighting of capital allocation to regulated electricity networks, which will aim to transform the UK’s electricity infrastructure and deliver long-term benefits for society. Of that SSE plans to invest around £22 billion in its electricity transmission network

in the north of Scotland. This will help move the clean homegrown energy being generated in the north to densely populated areas in the south, where it is most needed. Construction is now under way on five of the 11 major projects with Argyll, Orkney, Skye, Eastern Green Link 2 (“EGL2”), Western Isles and Spittal-Peterhead all making progress. Around £5 billion will be also invested in SSE’s distribution networks in the north of Scotland and central southern England to support growing demand from homes, businesses and communities.

SSE’s management believes that the developer premium that comes with SSE’s reputation for delivering world-class assets enables it to realise value at key stages of projects through timely sell-downs. By extracting value in this way, SSE does not always wholly own projects on completion, but SSE does retain stakes and a solid asset base to support future earnings. SSE’s experience in managing large capital projects and navigating regulatory and planning processes offers a competitive advantage when it comes to securing quality development sites and required permissions.

SSE’s management believes it consistently delivers highly complex electricity infrastructure in a timely manner and within budget. It draws on a proud heritage of construction and utilises modern technologies in the building of assets that are critical to a cleaner, cheaper, more secure energy system.

As a national clean energy champion, SSE takes the role it has to play in decarbonising the energy system seriously. It is providing the renewables, the enabling networks and the flexible thermal generation that will be needed in a smooth transition. SSE also seeks to fulfil its social contract with communities by working with local supply chains, supporting their commitments to decarbonisation, and addressing the impact that change is having on the sector.

SSE operates its assets in a responsive and responsible way and promotes a culture of continuous improvement and stakeholder engagement to provide quality customer service. SSE invests in asset resilience to meet consumer demand and strives to ensure the safety and wellbeing of the people and places impacted by its activities.

As a critical service provider, SSE works to ensure the generation plant availability and networks resilience needed to support security of supply in the UK and Ireland. It also operates its assets efficiently through the implementation of innovation, learning and technology to maximise shareholder return and optimise customer value. While SSE is primarily focused on providing and running large infrastructure, it is keenly aware of the cost pressures felt by energy users. It is committed to the supply of affordable energy and the operation of resilient electricity networks for the benefit of customers.

SSE invests to fulfil its core purpose and support the Board’s endeavours to promote the long-term success of SSE. SSE invests to create lasting value for shareholders and society, exercising financial discipline that commits only to projects that are expected to offer returns that are greater than the cost of capital and it invests to help meet its social obligations by contributing to GDP growth through payment of tax and creating quality jobs and supporting the supply chain through growth of the Company. At a Business Unit-level, SSE also invests in innovation and research and development that is furthering the cause of decarbonisation.

### **Group hedging approach**

The SSE Group’s long-established approach to hedging is 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 allows;
- Gas and carbon equivalents – recognising that spark spread exposures remain; or
- Gas equivalents only – recognising that carbon and spark spread exposures remain.

This approach was developed in response to lower levels of available forward market depth and liquidity for certain energy products. Whilst some basis risk or commodity exposure will remain under this approach, it does facilitate the reduction of SSE Renewables' overall exposure to potentially volatile spot market outcomes.

For renewable energy output, SSE's established approach seeks to minimise the volumetric downside risk by targeting a hedge of less than 100 per cent. 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. Any non-electricity forward contracts will be converted into electricity hedges ahead of delivery, which may lead to increases or decreases in the average hedge price achieved.

#### **SSE Thermal:**

Hedging for the flexible SSE 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 SSE 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 SSE 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 SSE Group.

#### **Gas Storage:**

The assets are being 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, oil and carbon). This includes monitoring market conditions and liquidity and reporting net Group exposures. The business operates under strict position limits and Value at Risk ("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 £9 million.

#### **Networks**

SSE has an ownership interest in three economically-regulated electricity network companies: (i) Scottish Hydro Electric Transmission plc (75 per cent.); (ii) Scottish Hydro Electric Power Distribution plc (100 per cent.); and (iii) Southern Electric Power Distribution plc (100 per cent.), all referred to as "**Networks**" in this Prospectus.

SSE estimates that the total RAV of its economically-regulated 'natural monopoly' business was £15.6<sup>11</sup> billion as at 31 March 2026, up £2.7 billion from £12.9<sup>12</sup> billion as at 31 March 2025. As at 31 March 2026, the RAV comprised around £9.0 billion for electricity transmission and £6.6 billion for electricity distribution, compared with the RAV as at 31 March 2025 which comprised around £7.2 billion for electricity transmission and £5.7 billion for electricity distribution.

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<sup>11</sup> Includes 25 per cent. minority interest in SSEN Transmission

<sup>12</sup> Includes 25 per cent. minority interest in SSEN Transmission

SSE's regulated electricity networks businesses benefit from inflation-linked remuneration under the “**RIIO**” (Revenue = Incentives + Innovation + Outputs) framework set by OFGEM. The regulator determines an annual allowed level of required capital expenditure and operating costs, in order to meet required network outputs. These are added together to form total expenditure or “**Totex**”, which is split by defined capitalisation rates which differ between the transmission and distribution businesses.

Regulatory operational expenditure (“**fast money**”) flows into licensee revenue, whereas regulatory capital expenditure (“**slow money**”) is added to the RAV for each network. Both SSEN Transmission and SSEN Distribution earn a return on regulatory equity and receive an allowance for the cost of debt, both of which are calculated based on a notional split of their RAV. Under the RIIO T3 and ED2 regulatory mechanisms, revenues and RAV for both businesses are CPIH index-linked, providing protection against an inflationary environment. Each business can earn above its base return on equity through delivering efficiency Totex savings that flow through to customer bills. If service levels improve against targets as set out in the price control, there is also an opportunity to earn additional income through incentives. However, if service levels fall below these targets, a penalty is incurred which reduces network revenue and therefore customer bills. In addition, RIIO Uncertainty Mechanisms (“**UMs**”) provide opportunities for each business to progress projects not included within their original business plans, or to recover supplementary costs which were not anticipated when the baseline expenditure was agreed.

SSEN Transmission is paid by the Electricity System Operator based on a forecast of allowed revenue which is set three months in advance of the regulatory year. Revenue varies depending on actual versus forecast volumes transported and over- or under-recovered volumes – including any other changes to forecasted revenues – are accommodated in allowed revenue in the following regulatory year.

In SSEN Distribution, charges per MWh (“**tariffs**”) are set by licensees 15 months in advance of the regulatory year and based on forecasts of: (a) revenue which licensees are entitled to collect in respect of the regulatory year (“**allowed revenue**”); (b) the incentives and Totex outperformance for the last three months of the year in which the tariffs are set; and (c) the level of volumes which will be distributed within the regulatory year. Differences in collected versus allowed revenue (referred to as ‘**over- or under-recovery**’) are accommodated in allowed revenue two years after the year in which they occur.

The current RIIO price control runs to 31 March 2031 for SSEN Transmission, and to 31 March 2028 for SSEN Distribution. The process to determine the parameters of the RIIO-3 SSEN Distribution price control will commence during 2026, with OFGEM expected to confirm Final Determinations in Q4 2027 ahead of a Licence Decision in February 2028.

### ***Electricity Transmission***

SSEN Transmission, owns, operates and develops the high voltage electricity transmission system in the North of Scotland and its islands. Following a minority stake sale completed in November 2022, the business is owned 75 per cent. by SSE plc and 25 per cent. by Ontario Teachers’ Pension Plan Board. All capex and RAV references in this Prospectus relate to 100 per cent. of the business unless otherwise stated. SSE’s management believes that the business is well placed to capture significant long-term growth opportunities from investment in enhancing energy security and enabling the development of renewables across the North of Scotland.

SSEN Transmission continues to deliver strong operational performance, securing the full reward through OFGEM’s ‘Energy Not Supplied’ Incentive, the third year the business has achieved this throughout the RIIO-T2 price control, underpinning its goal of zero interruptions to homes and businesses.

Delivery of the capital investment programme has continued during the year. With the Pathway to 2030 projects detailed below, other progress in the year included the Kergord to Gremista 132kV connection and Gremista Grid Supply Point, which was completed in April 2026. Full energisation will follow completion of SSEN Distribution’s ‘Shetland Standby Project’, anticipated later in 2026.

The East Coast 400kV upgrade between Kintore and Kincardine also continues to progress. Several sections will be replaced with higher capacity conductors than initially planned, with completion and full energisation of this programme now expected in 2027.

In March 2026, SSEN Transmission confirmed its acceptance of OFGEM's Final Determination for the RIIO-T3 period, which commenced on 1 April 2026, recognising it as an investable and deliverable settlement overall.

The 11 Pathway to 2030 major projects, six of which are onshore and five offshore, continue to make progress. With all regulatory approvals of need secured and supply chain frameworks for delivery in place, securing all necessary planning consents remains a top priority. Of the 34 major consents required, 25 have been secured. These includes five substation sites, two overhead lines and two marine licence consents achieved during 2025/26.

All outstanding consent decisions are expected within the next 12 months. This includes four substation consents that have been appealed to the Scottish Government following refusal by local Planning Authorities, decisions that went against the independent expert advice of Planning Authority planning officers.

Following a Judicial Review lodged by a local Community Council challenging Perth and Kinross Council's decision to consent Cambushinnie substation, alongside the need for the council to reconsider the associated Haul Road application due to a procedural irregularity, the council has taken the decision not to defend the Judicial Review and will instead reconsider both applications together.

In Argyll, the first steel lattice tower on the 9km Creag Dhubh-Inveraray overhead line has been erected, with all earthworks and the main substation buildings at Creag Dhubh also complete ahead of the electrical installation works.

The Orkney link has also progressed, with major earthworks and steelworks complete at Dounreay and Finstown substations. Progress on securing permits for marine cable work continues.

Early construction works have progressed on the Skye Reinforcement, with full construction activities awaiting the discharge of planning conditions.

The **EGL2** project, the first subsea link to be jointly delivered with National Grid Electricity Transmission, marked 18 months in construction in March 2026, with significant progress at both the Peterhead and Wren Hall sites.

Following receipt of its marine licence in November 2025, the Spittal-Peterhead HVDC link became the fifth major project to enter construction.

On the Eastern Green Link 3 ("**EGL3**") project, contracts have been signed with key supply chain partners including Hitachi Energy for the HVDC convertor stations, and NKT for manufacture and installation of the 690km cable.

The Pathway to 2030 programme continues to be the key driver of investment growth and remains subject to timely consenting and discharging of planning conditions and supply chain delivery.

In summer 2026, the National Energy System Operator ("**NESO**") is expected to update its second transition Centralised Strategic Network Plan. Beyond 2030, this is expected to reaffirm the need for a second HVDC link from Shetland, several onshore reinforcements and a potential Eastern Green Link 5 ("**EGL5**") with delivery by the mid-2030s.

### ***Electricity Distribution***

SSEN Distribution operating under licence as Scottish Hydro Electric Power Distribution plc ("**SHEPD**") and Southern Electric Power Distribution plc ("**SEPD**"), is responsible for safely and reliably maintaining the electricity distribution networks supplying for around 4.0 million homes and businesses across central southern England and the North of Scotland. SSE's management believes that SSEN Distribution's networks cover the greatest land mass of any of the UK's Distribution Network Operators with over 75,000km<sup>2</sup> of extremely diverse terrain. SSE's management believes that the business has significant growth opportunities as a key enabler of the local and national transition to a net zero future.

SSEN Distribution has completed the third year of the RIIO-ED2 price control period, which runs to March 2028 and includes £3.6 billion of baseline expenditure (2020/21 prices), while more than £157 million in additional funding has been secured through UMs so far.

Overall customer satisfaction scores increased compared with 2024/25 to a reward position in 2025/26 with a score of 9.0/10. This represents SSEN's strongest performance since OFGEM introduced the Broad Measure Incentive in 2015. Improvements in Time to Connect and Time to Quote also exceeded OFGEM targets. However, storms of rare and extreme severity in the north of Scotland affected Customer Interruptions and Customer Minutes Lost.

Storm Floris was the most significant summer storm the business has ever faced, and was classed as a Category Two exceptional event, affecting almost 85,000 customers. Power was restored to 98 per cent. of customers within 48 hours. October's Storm Amy was an exceptional '1-in-20' event, making it the third-most damaging named storm in the north of Scotland on record. Supplies were restored within six days, a day earlier than Storm Eowyn in January 2025, despite Storm Amy causing around 100 more faults.

SSEN Distribution gained £1 million in reward through the Consumer Vulnerability Incentive. Almost 400,000 tailored Power Cut Plans have been sent to customers and SSEN Distribution has delivered the first of 20,000 home battery packs to medically-dependent priority services customers most in need.

The Business's Distribution System Operator ("DSO") function earned an over £5 million return through OFGEM's DSO Incentive in 2024/25, up from £2 million the previous year, reflecting improved stakeholder feedback and panel assessment.

SSEN Distribution continues to make progress against its RIIO-ED2 plan while laying the foundations for ED3. The capital delivery programme has accelerated, including completion of a £38 million project to install and energise five new subsea cables connecting Scotland's islands.

A new £950 million framework has been established to support long-term subsea upgrades, complementing £1.4 billion of existing capital delivery agreements for on-land infrastructure. These are enabling major upgrades such as £155 million in Southampton, £100 million in Swindon and £20 million in south-west Dorset.

More than £157 million of additional funding has been secured in 2025/26 through UMs, including £77 million for the Hebrides and Orkney (Hebrides and Orkney Whole System Uncertainty Mechanism) re-opener to support economic growth and increase capacity. A further £80 million relates to subsea infrastructure and cyber security. OFGEM is assessing an additional £885 million of UM requests, including £725 million in load-related expenditure to support network development through the remainder of ED2 and early ED3 mobilisation.

Connections remain a priority, with ramped offers giving a proportion of requested capacity to customers to help manage increasing demand over time. The business continues to support NESO's Connections Reform programme, meeting all deadlines and guiding customers through the process. For domestic customers seeking to connect, a new 'self-serve' tool has already generated initial cost estimates in as little as two minutes for 2,928 customers, while the advent of smartphone video surveys is further improving the customer experience.

SSEN Distribution plays a leading role in developing the Electricity Networks Sector Growth Plan, which focuses on maximising the benefits to the wider economy of ongoing electrification and decarbonisation, through the creation of more sustainable UK-based supply chains and new skilled jobs.

Strategic Development Plans, now published for the entirety of SSEN Distribution's licence areas, underpin long-term planning to 2050 and will inform the ED3 business plan, which is due for submission in December 2026.

A period of extensive engagement is currently under way as the ED3 plan is formed. OFGEM's Sector Specific Methodology Decision clarifies the mechanisms which will underpin the price control and provides direction on a potential 'enhanced coordinator' role for DNOs in the rollout of low-carbon technologies.

## SSE Renewables

SSE Renewables is a strong 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.

Onshore wind volumes increased by 13 per cent. from 6.0TWh to 6.8TWh, reflecting increased capacity including the addition of Yellow River. This was partially offset by variable weather conditions and increased levels of system-driven curtailment in Ireland alongside planned and unplanned maintenance including an ongoing outage at Hadyard Hill.

In offshore wind, output increased by 18 per cent. from 3.9TWh to 4.6TWh driven by ongoing turbine commissioning work at Dogger Bank A. Hydro production decreased by 5 per cent. from 2.9TWh to 2.8TWh reflecting mixed precipitation across the year.

In the GB T-4 Capacity Market auction (2029/30 delivery year) SSE secured one-year agreements for 935MW of de-rated capacity across hydro (925MW) including 137MW of Sloy hydro scheme and 10MW of onshore wind at a clearing price of £27.10/kW.

In Ireland's T-4 auction, a one-year agreement for 20MW of de-rated onshore wind capacity for delivery year 2029/30 was secured at a clearing price of €135.5/kW.

Momentum continues behind the delivery of Dogger Bank wind farm (3.6GW, SSE share 40 per cent.). Following the completion of turbine installation at Dogger Bank A in February 2026, commissioning continues and is expected to be substantially complete by the end of 2026. Turbine installation is progressing strongly at Dogger Bank B (1.2GW, SSE share 40 per cent.) with the installation run-rate far exceeding that achieved on the first phase, resulting in 20 turbines currently in place and first power achieved in early March. On Dogger Bank C (1.2GW, SSE share 40 per cent.) installation of transition pieces was completed in November 2025, marking the successful installation of foundations across all three phases. When fully complete Dogger Bank will be capable of producing 6 per cent. of UK current demand, delivering substantial value for consumers from this nationally significant infrastructure.

Fully consented in July 2025 to 4.1GW of offshore capacity, Berwick Bank wind farm represents the potential of further critical infrastructure delivery by SSE for the UK, contributing to long-term energy security and clean power targets. If built to its full potential capacity, Berwick Bank could become the world's largest offshore wind farm on completion. In January 2026, Berwick Bank B secured a valuable route to market via a 20-year contract for 1.4GW of offshore capacity at a competitive strike price for consumers of £89.49/MWh through the UK's Contract for Difference ("CFD") Allocation Round 7. A final investment decision is expected in 2027.

The UK's intention to run Allocation Round 8 in the second half of 2026 is a positive step for the energy transition. As with Allocation Round 7, ambition on capacity will be critical to sustaining offshore delivery and value for consumers. In April 2026, further information on the offshore planning consent application for Arklow Bank Wind Park 2 (800MW) was submitted to Ireland's statutory planning body and a determination is anticipated by the end of the year. In May 2026, North Falls (900MW, SSE share 50 per cent.) was granted development consent for its offshore array.

Onshore wind construction at Aberarder and Strathy South in Scotland has been impacted by delayed grid access, resulting in the reported non-cash impairment. Following this adjustment, the Allocation Round 5-contracted projects are expected to deliver their forecast returns once operational. Construction continues at the RESS4-contracted Drumnahough wind farm in Ireland (56MW, SSE share 50 per cent.).

In England, Ferrybridge battery energy storage system ("BESS") (150MW) and Littleton solar (31MW) entered commercial operations in March 2026. Battery installation continues at the Monk Fryston (320MW) and Fiddlers Ferry (150MW) BESS projects. In Northern Ireland, following a final investment decision in December 2025, construction has started on the Derrymeen BESS (100MW) project.

In Southern Europe, Jubera Wind Farm (64MW) in Spain entered commercial operations in May 2026. Construction of a further 72MW of onshore wind capacity is under way at sites in Spain and Italy.

In hydro, repowering of Lochay power station (45MW) to extend its useful life by at least 40 years continues. The first of the two new turbine generating units is currently being installed and is expected to be commissioned later this year. The Coire Glas pumped hydro storage project (1.4GW) has progressed to the Project Assessment stage of OFGEM's Cap and Floor scheme for long-duration electricity storage, with the minded-to decision on successful projects expected in summer 2026.

## **SSE Thermal**

SSE Thermal owns and operates conventional flexible thermal generation in Great Britain ("GB") and Ireland, as well as gas storage facilities in GB. It is developing options for lower carbon power generation and hydrogen storage, while maintaining its existing flexible and efficient fleet which continues to play a critical role in the transition to net zero..

SSE Thermal's overriding objective is to maintain commercial availability of its existing fleet and develop investment options to support security of supply into the 2030s. Flexible power stations continue to secure revenues through the Capacity Market, Balancing Mechanism and other ancillary contracts, alongside intrinsic baseload spark spread.

SSE applies rigorous commercial discipline through any auctions and believes that the value of its thermal assets will be realised through this approach. SSE Thermal secured a provisional Capacity Market agreement for 686MW of de-rated electricity generation capacity for Keadby 1 Power Station, running from 1 October 2029 to 30 September 2030. It did not take agreements for Peterhead, Medway, Burghfield and Chickereil power stations. These assets remain contracted to 30 September 2029, with options to secure agreements in future auctions. SSE assets in Ireland secured agreements for 445MW of de-rated capacity, valued at a total of around €288 million including a five-year agreement for Great Island.

A successful summer outage programme was delivered across SSE Thermal's flexible generation fleet. However, unplanned outages at Keadby 2, Medway and Great Island impacted availability outside of the summer period.

SSE's gas storage assets remain an important risk management tool for the Group's generation portfolio, with fast-cycle assets an important part of a resilient energy system. Favourable summer/winter spreads enabled injection and withdrawal in the first half of the year and Cavern Eight at Atwick returned to service at the beginning of October 2025, delivering additional value.

However, in response to longer-term market conditions, work has been reinstated to prepare for potential rewatering of one cavern at Atwick in the next financial year, and a further two caverns beyond that. If a decision to rewater is taken, it would create an opportunity to secure value from the maintained cushion gas, whilst retaining the possibility to return to service as natural gas or hydrogen storage at a future date.

Construction is under way at the 300MW Tarbert Next Generation power station, targeting full commercial operation from October 2027. The station has secured €335 million of revenues through a 10-year capacity agreement. Final investment decision was taken on Platin, a 170MW power station in County Meath, in July 2025, and preparatory works are under way with full site mobilisation expected in the coming months, targeting full commercial operation from October 2028. This project is also underpinned by a 10-year Capacity Market agreement, with a total value of around €250 million, and is targeting full commercial operation from October 2028. An amendment to the planning consent has been secured to enable Platin to run on natural gas, as well as sustainable biofuels, increasing overall potential capacity. A further 10-year capacity agreement was secured to support this at a value of around €19.9 million.

SSE Thermal has developed shovel-ready programmes to extend the life of its existing, wholly-owned combined cycle gas turbine ("CCGTs") in GB. Subject to securing multi-year Capacity Market agreements, these investments would help ensure that existing generation assets remain ready to respond to system need, providing the enduring flexibility which is critical to enabling a renewables-led system.

In the UK, further detail is awaited on the mechanisms to procure new-build dispatchable capacity, including the Hydrogen to Power Business Model, any adaptations to the Capacity Market and further allocation of Dispatchable Power Agreements for carbon capture storage (“CCS”) projects. These options could support investment in SSE Thermal’s flexible generation pipeline, including Keadby and Ferrybridge Next Generation, Keadby CCS and Peterhead CCS.

For Peterhead CCS, SSE is continuing to work with Scottish Cluster partners and UK Government to agree a programme of funded development work.

The next phase of the UK Government Hydrogen Allocation Round 2 is anticipated in the coming months, including Aldbrough Hydrogen Pathfinder, with successful projects expected to be announced in 2026. Funding has also been confirmed for the first regional hydrogen transport and storage network, providing a potential investment opportunity for Aldbrough Hydrogen Storage.

The UK Government has consulted on the priorities for security of supply in the gas system during the energy transition. This recognised the value of flexible gas storage assets in ensuring a resilient system and explored a range of government policy actions, including the potential for a revenue support mechanism. SSE supports the introduction of a revenue support mechanism for gas storage. A further update is expected in the coming months.

## **Energy Customer Solutions**

Energy Customer Solutions (“ECS”) delivers a range of energy products and services to the non-domestic market in GB and both the domestic and non-domestic markets in the island of Ireland. It creates routes to market including Corporate Power Purchase Agreements and green supply contracts and offers energy solutions and distributed energy products that stabilise costs, provide speed to power and reduce carbon emissions.

In the last 12 months an acceleration in the development of data centres has created opportunities for ECS. In Ireland, where the data centre sector is well established, energy sold to the data centre sector increased by 4TWh to 6TWh, taking the total power supplied to domestic and non-domestic customers on the island to 10.5TWh. SSE Airtricity now supplies around 80 per cent. of the energy to data centres in Ireland.

In GB, where data centre build-out is less advanced, the focus has been on building strategic relationships with key market players, for example through the delivery of a private network solution to a Microsoft data centre development in South Wales and the expansion of network capacity to Europe’s largest data centre conurbation in Slough.

ECS’s supply businesses have faced difficult market conditions over the last year. SSE Airtricity saw modest customer losses after reluctantly deciding to increase tariffs by an average of 9.5 per cent. from October (4 per cent. Northern Ireland), balanced with customer support initiatives. Business Energy saw a reduction in customer numbers due to market competition and the knock-on impact of previously paused sales.

Energy affordability remains a key concern in both GB and Ireland with governments implementing policy measures to support customers and ECS continues to engage with governments and other stakeholders to influence policy direction, as well as providing a range of supports to SSE’s customers.

ECS has supported customers to electrify and decarbonise their homes and businesses in the last year with notable achievements including installing solar panels on 400 homes of medically vulnerable people in Ireland at no cost to customers and in GB, an agreement with Transport for London, to partner on delivery of solar developments that will part-power the London Underground, with potential for future expansion.

## **Strategic progress**

The growing data centre sector will be an area of focus for ECS over the coming year both in Ireland, where a long-awaited Large Energy Users policy has essentially lifted a de facto moratorium on new facilities, and in GB, where strong expansion of the sector is expected in the UK Government’s AI Growth Zones.

Energy Customer Solutions is exploring ‘speed to power’ opportunities with data centre hyperscalers and large data centre developers that face challenges securing grid connections, including bridging solutions, private networks and behind-the-meter generation.

SSE’s existing and future pipeline of assets across SSE Renewables and SSE Thermal, as well as existing relationships held by ECS, are strategic strengths as the sector looks for partners to help develop large-scale energy solutions.

With global energy cost volatility potentially continuing, SSE Airtricity and SSE Business Energy are prepared for a challenging first few months of the financial year. Experience of previous global energy volatility has informed planning, and engagement with governments and regulators continues to help shape consumer support measures. ECS seeks to support all customers, particularly those that are vulnerable, and will continue to offer tariff options that provide customers with choices to suit their circumstances.

## **SSE Energy Markets**

SSE Energy Markets optimises all of SSE’s market-based assets by trading across key commodity markets of power, gas and carbon and manages associated market risks to secure and enhance long-term value.

SSE Energy Markets has remained central to managing market volatility, mitigating risk and maximising value for the Group’s market-based Business Units. Operating as a single centre of excellence across all trading periods, it secures value for SSE’s asset portfolio, which continues to be reported within individual Business Units.

The business has continued to focus on optimisation activities and position taking, all within SSE’s strict position-limit and VAR controls, while also contracting third-party Power Purchase Agreements and wider route-to-market services.

At the full-year, SSE Energy Markets held 2.9GW of CfD-backed route-to-market contracts, of which 2.4GW were third party including 15-year agreements with two low-carbon solar farms. It also added 1.3GW of Combined Heat and Power and Open Cycle Gas Turbine sites from Triton Power to its portfolio this year. The business continues to originate contracts and execute structured products to optimise the SSE portfolio.

Trading activity in European power and gas markets continued to grow steadily, deepening insight into the global energy complex. This capability is increasingly important as the Group develops, constructs and operates assets in carefully selected international markets.

The expectation is that SSE Energy Markets will continue to add value to the Group by providing a long-term view on market fundamentals to inform SSE’s strategic and investment decision making. Immediate priorities for the business include the commencement of third-party, large-scale BESS contracts in 2026, and development of systematic trading functionality, using deep analytics to maximise value for the Group’s portfolio.

## **Borrowings and Facilities**

The SSE Group’s objective is to maintain a balance between continuity of funding and flexibility, with debt maturities staggered across a broad range of dates. SSE’s total debt and hybrid capital was £12.7 billion as at 31 March 2026. Its average debt maturity as at 31 March 2026 was 5.7 years, compared with 5.6 years as at 31 March 2025. Average cost of debt as at 31 March 2026 was 4.1 per cent. compared with 4.0 per cent. as at 31 March 2025. As at 31 March 2026, fixed rate debt was 92 per cent. of total debt.

SSE’s management considers that SSE’s debt structure remains strong. Adjusted net debt and hybrid capital<sup>13</sup> was £10.1 billion as at 31 March 2026 in the form of issued bonds, European Investment Bank debt and other loans. The balance of SSE’s adjusted net debt is financed with short-term bank debt and commercial paper. SSE’s adjusted net debt and hybrid capital includes cash and cash equivalents totalling £1.5 billion. The facilities, external debt and internal loan stock for the SSE Group as at 31 March 2026 (with sterling equivalents (where applicable) as at that date) were as follows:

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<sup>13</sup> For more information on the relevance of adjusted net debt and hybrid capital (which is not an IFRS measure of performance) and the way in which it is calculated, see the financial statements which are incorporated by reference in this Prospectus.

SSE	<p>£346.1 million U.S. private placement due between 2026 and 2027</p> <p>£500 million 8.375 per cent. bonds due 2028</p> <p>£350 million 6.25 per cent. bonds due 2038</p> <p>£1.5 billion revolving credit facility maturing 2030 (fully undrawn)</p> <p>€1.5 billion Euro Commercial Paper programme (£504.0 million drawn)</p> <p>€650 million 1.375 per cent. bonds due 2027 (£591.4 million of principal outstanding)</p> <p>€500 million 1.75 per cent. bonds due 2030 (£442.9 million of principal outstanding)</p> <p>€650 million 2.875 per cent. bonds due 2029 (£567.6 million of principal outstanding)</p> <p>€750 million 4.00 per cent. bonds due 2031 (£655.0 million of principal outstanding)</p> <p>€600 million 3.50 per cent. bonds due 2032 (£524.0 million of principal outstanding)</p> <p>£100 million European Investment Bank loan due 2028</p>
SSE Generation Limited	£600 million intercompany loan stock due to SSE
SHEPD	<p>£204.7 million 1.429 per cent. index linked bonds due 2056</p> <p>£1,300 million intercompany loan stock due to SSE</p>
SEPD	<p>£350 million 5.5 per cent. bonds due 2032</p> <p>£325 million 4.625 per cent. bonds due 2037</p> <p>£159.6 million 4.454 per cent. index linked loan maturing 2044</p> <p>£1,625 million intercompany loan stock due to SSE</p>
SSEN Transmission	<p>£350 million 2.25 per cent. bonds due 2035</p> <p>£250 million 1.50 per cent. bonds due 2028</p> <p>€950 million 3.375 per cent. bonds due 2032 (£802.0 million of principal outstanding)</p> <p>€750 million 3.375 per cent. Bonds due 2033 (£647.7 million of principal outstanding)</p> <p>£250 million 2.125 per cent. bonds due 2036</p> <p>£30 million intercompany loan stock due to SSE</p> <p>£300 million European Investment Bank Loan due 2026</p> <p>£100 million European Investment Bank Loan due 2028</p> <p>£175 million 3.13 per cent. Private Placement due 2032</p> <p>NOK 1.5 billion (£111.3 million) 4.731 per cent. Private Placement due 2034</p> <p>NOK 1.5 billion (£112.7 million) Private Placement due 2036</p> <p>£30 million 5.591 per cent. Private Placement due 2039</p> <p>£175 million 3.2 per cent. Private Placement due 2037</p> <p>£500 million 5.5 per cent. bonds due 2044</p> <p>£1,500 million revolving credit facility maturing 2030 (fully undrawn)</p>

£1,000 million committed facility supported by £800 million guarantee from the National Wealth Fund (fully undrawn)

£500 million committed facility supported by guarantee from EKN (fully undrawn)

£500 million committed facility supported by guarantee from SACE (fully undrawn)

SSE Generation Ireland Limited €74.8 million (£65.0 million) intercompany loan stock due to SSE

### Hybrid Capital

On 14 July 2020, SSE issued £600 million and €500 million hybrid capital bonds (the “**Sterling 2020 Hybrid Bonds**” and the “**Euro 2020 Hybrid Bonds**” respectively). These hybrid capital bonds have no fixed redemption date, but SSE may at its sole discretion, redeem all (but not part) of these bonds at their principal amount on: (i) 14 April 2026 or every five years thereafter for the Sterling 2020 Hybrid Bonds; and (ii) on 14 July 2027 or every five years thereafter for the Euro 2020 Hybrid Bonds. SSE has the option to defer coupon payments on the outstanding bonds on any relevant payment date subject to compliance with certain conditions, including no dividend having been declared on SSE’s ordinary shares.

On 12 April 2022, SSE issued €1,000 million hybrid capital bonds. This hybrid capital bond has no fixed redemption date, but SSE may at its sole discretion, redeem all (but not part) of this series of bonds at their principal amount on 21 April 2028 and then every 5 years thereafter. SSE has the option to defer coupon payments on the outstanding bonds on any relevant payment date subject to compliance with certain conditions, including no dividend having been declared on SSE’s ordinary shares.

On 12 June 2025, SSE issued €800 million and €500 million hybrid capital bonds (the “**€800m 2025 Hybrid Bonds**” and the “**€500m 2025 Hybrid Bonds**” respectively). These hybrid capital bonds have no fixed redemption date, but SSE may at its sole discretion, redeem all (but not part) of these bonds at their principal amount: (i) on 19 September 2030 or every five years thereafter for the €800m 2025 Hybrid Bonds; and (ii) on 19 June 2033 or every five years thereafter for the €500m 2025 Hybrid Bonds. SSE has the option to defer coupon payments on the outstanding bonds on any relevant payment date subject to compliance with certain conditions, including no dividend having been declared on SSE’s ordinary shares.

The total hybrid capital for the SSE Group as at 31 March 2026 which has not been redeemed or had a call notice issued in relation thereto (with sterling equivalents (where applicable) as at that date) totalled £3.0 billion and was as follows:

- |     |  |
|-----|--|
| SSE | <ul style="list-style-type: none"><li>• £600 million Hybrid Equity Capital Bond – perpetual with first call date 14 April 2026 (redeemed on this date)</li><li>• €500 million (£453 million) Hybrid Equity Capital Bond – perpetual with first call date 14 July 2027</li><li>• €1,000 million (£831 million) Hybrid Equity Capital Bond – perpetual with first call date 21 April 2028</li><li>• €800 million (£679 million) Hybrid Equity Capital Bond – perpetual with first call date 19 September 2030</li><li>• €500 million (£425 million) Hybrid Equity Capital Bond – perpetual with first call date 19 June 2033</li></ul> |
|-----|--|

SSE plc has been able to issue Subordinated Notes under this Programme since 6 June 2025.

### Investment and capital expenditure

During the financial year to 31 March 2026, SSE’s adjusted investment, capital and acquisition expenditure totalled £3,585.6 million, compared to £2,910.4 million in the same period last year.

Investment in the reporting period 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, £1,718 million net capex was delivered in the financial year to 31 March 2026, including £219 million on the Orkney link project where major substation progress has been made, and £212 million on the Argyll and Kintyre upgrade where substation and overhead line work has progressed. Capex of £137 million was invested at the EGL2 project where Peterhead converter station work has advanced and the manufacturing of the submarine cable is under way. Remaining capex was delivered primarily across the other large capital projects.

In SSEN Distribution, capital investment of £851.8 million was delivered in the financial year to 31 March 2026 reflecting the continued delivery aligning with the RIIO-ED2 investment plan. In the north, £288 million was invested, including starting major subsea cable works at Loch A'Choire and Skye-Uist, pole mounted transformer replacements, and other network reinforcement work. In the south, £520 million of investment supported pole-mounted transformer replacements and key network reinforcement schemes at Iver (West London), Fleet-Aldershot (Hampshire) and Bramley–Thatcham (near Reading).

SSE Renewables invested a total of £739 million during the financial year to 31 March 2026, including £157 million of equity for Dogger Bank. Meanwhile £146 million was invested in onshore wind in Scotland and Ireland. £48 million of capex was delivered in Southern Europe, with progress made at onshore wind projects across Spain and Italy. On BESS projects, £96 million was incurred in progressing the delivery of Derrymeen, Ferrybridge, Fiddlers Ferry and Monk Fryston.

## **Sustainability and Climate Change**

Sustainability is a fundamental value underpinning SSE's strategy. SSE's approach is centred on four 2030 goals (the "2030 Goals"), focused on addressing climate change while ensuring the benefits of the clean energy transition are shared with customers and communities. The 2030 Goals are aligned with the UN Sustainable Development Goals ("SDGs") and provide a clear framework for delivering progress over the short to medium term.

This approach ensures that in delivering SSE's £33 billion investment plan to 2030, SSE do this in a way that delivers broader value, including supporting jobs, developing skills and benefiting the communities in which SSE operates. SSE's 2030 Goals are aligned to the four SDGs most relevant to its business, supported by additional environment related SDGs that guide SSE's approach to nature. This framework enables SSE to focus on the most material environmental and social issues linked to its activities.

SSE further identify and prioritise these through a double materiality assessment, informed by stakeholder engagement. This considers both SSE's impacts on the environment and society, and how sustainability issues may affect SSE's financial performance. SSE's most recent review confirmed continued alignment with key priorities, and a comprehensive refresh is underway in line with evolving best practice. Oversight of sustainability is embedded within SSE's governance framework, with accountability held across the Board, Group Executive Committee and sub-committees, supported by the Safety, Sustainability, Health and Environment Advisory Committee. The Chief Sustainability Officer reports to the Chief Executive and advises across the business. Strengthening accountability, executive remuneration is partly linked to ESG ratings performance and delivery of the 2030 Goals.

The SSE Group's 2030 Goals are to:

- Reduce Scope 1 carbon intensity of electricity generated by 80 per cent. by 2030, compared to 2017/18 levels, to around 61gCO<sub>2</sub>e/kWh. The scope 1 carbon intensity of electricity generated has reduced by 37 per cent. compared to 2017/18 levels, to 194gCO<sub>2</sub>e /kWh in the financial year ended 31 March 2026. This year marked a milestone in SSE's carbon intensity performance, with emissions falling below 200gCO<sub>2</sub>e/kWh for the first time. This reflects increased renewables output from new assets alongside lower thermal generation due to maintenance outages. However, in the context of the current market and policy environment, SSE's carbon intensity goal is on target but with risk..

- Build a renewable energy portfolio that generates at least 50TWh of renewable electricity by 2030. SSE's renewable generation output in the financial year ended 31 March 2026 increased by 9 per cent. to 14.5TWh (2023/24: 13.3TWh). This was driven by increased capacity from initial turbine commissioning at Dogger Bank A offshore wind farm (1.2GW) and Yellow River onshore wind farm (101MW), which was partially offset by mixed weather conditions and the impact of this particularly in hydro. Progress was made on key projects including Berwick Bank Phase B successfully securing a contract for 1.4GW through the UK's CfD Allocation Round 7 in January 2026. Work is progressing on all three phases of Dogger Bank.
- Enable at least 20GW of renewable generation capacity within the SSEN Transmission's licence area. The renewable capacity connected within SSEN Transmission's network was 10.8 GW for the financial year ended 31 March 2026 – surpassing the RIIO-T2 target of 10GW by 2026.
- Be a global leader for just transition to net zero, with a guarantee of fair work and commitment to paying fair tax and sharing economic value. Over the financial year ended 31 March 2026, SSE contributed £10.84 billion to the UK and Irish GDP and supported 88,350 jobs as a result of this economic activity. This represents an increase from £8.68 billion and 67,190 respectively in 2024/25.

### **Regulatory Environment**

The electricity industry in the UK is regulated by the Authority. The principal objective of the Authority, as set out under the Electricity Act 1989, is to protect the interests of existing and future consumers in relation to electricity conveyed by distribution or transmission systems; wherever appropriate by promoting effective competition. In respect of the wholesale electricity market, OFGEM's primary objective is to help markets operate more effectively by removing barriers, for example by ensuring there is greater transparency of information to all parties, including customers. In addition, when necessary and appropriate to do so, OFGEM uses its powers to monitor and address any anti-competitive behaviour or practices which may adversely affect the market. OFGEM provides the staff who support the role of the Authority and carry out the day-to-day activities of the statutory body. The Authority's duties include ensuring that licence holders are able to finance their statutory and licence obligations, and that they operate their business with regard to the effect on the environment.

OFGEM's duties have evolved in recent years and now include requirements to consider how decisions may assist the Secretary of State in meeting the Government's net zero targets; to have regard to the desirability of promoting economic growth; and to have regard to the strategic priorities and policy outcomes of the government, as set out in its Strategy & Policy Statement on Energy Policy (first published in May 2024). These changes have the potential to create trade-offs in OFGEM's duties that will need to be managed carefully. The UK Government's call for evidence has now concluded, and sets out an action plan to deliver improvements to OFGEM's remit and operation<sup>14</sup> could lead to these duties being refined, whilst additional enforcement powers could be granted to OFGEM.

In the ordinary course of business, SSE's business units are exposed to the positive (or negative) impacts of any ongoing reforms to the regulatory environment. In the coming year, for example, this includes potential changes arising due to the introduction of the Strategic Spatial Energy Plan, changes to market arrangements (from the Government's implementation of Reformed National Pricing), connection reform and energy code reform.

### **Networks**

The SSE Group delivers energy safely to homes and businesses in GB through its SSEN Distribution and SSEN Transmission businesses. It owns and operates electricity distribution networks in the North of Scotland and central southern England, distributing energy to homes and workplaces across both regions. The SSE Group also owns a majority share in the electricity transmission network in the North of Scotland, a network primarily focused on transporting much of Scotland's renewable generation south to areas of demand. Both distribution and transmission businesses are subject to regulatory controls set by the Authority.

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<sup>14</sup> Review of OFGEM: Call for Evidence, published 19 December 2024

## ***Electricity Transmission***

In the North of Scotland, the licensed transmission network owner is Scottish Hydro Electric Transmission plc (“**SSEN Transmission**”).

SSEN Transmission has a duty under the Electricity Act 1989 to develop and maintain an efficient, co-ordinated and economical system of electricity transmission that facilitates competition in the supply and generation of electricity. SSEN Transmission is regulated by the Authority. Under the licence, where it is reasonable to do so, SSEN Transmission is under a statutory duty to offer terms to connect any customer that requests a connection within its area and to maintain that connection. SSEN Transmission’s licence may be terminated on 25 years’ notice given by the Secretary of State and may be revoked immediately in certain circumstances including insolvency or failure to comply with an enforcement order made by OFGEM.

SSEN Transmission is subject to a control on the prices it can charge and the quality of supply it must provide. Its activities are regulated under the transmission licence pursuant to which income generated is subject to a regulatory framework that provides economic incentives to minimise operating, capital and financing costs. The RIIO-T2 electricity transmission price control period ended on 31 March 2026. The current electricity transmission price control period, RIIO-T3, commenced on 1 April 2026, covering the five-year period to 31 March 2031.

During the five-year RIIO-T2 price control, capital investment in SSEN Transmission totalled around £4.6 billion as at 31 March 2026, with this investment playing a pivotal role in providing the critical national infrastructure required to facilitate the transition to a net zero and to maintain network reliability for the communities SSEN Transmission serves. In addition to the base rate of return on the RAV of SSEN Transmission’s transmission assets, RIIO-T2 allows additional revenue to be earned through financial incentives based on efficient use of Totex.

The outcome of Totex efficiency savings is dependent on the successful completion of large-scale projects and the successful close out of RIIO-T2 after March 2026. SSEN Transmission expects it will deliver Totex savings over the course of RIIO-T2 which will be shared between SSEN Transmission (36 per cent.), supporting future earnings and electricity customers (64 per cent.), through lower charges than would otherwise have been the case.

Despite the current period of rapid growth in transmission development, SSEN Transmission continues to ensure the reliability of its electricity network, measured through performance in the Energy Not Supplied incentive, where it earned a reliability metric of over 99.9 per cent. The ENS Incentive provides a financial reward, on a sliding scale, if the volume of energy not supplied to customers due to faults is below a pre-determined annual target. If the target is exceeded, a financial penalty is applied.

As its transmission assets reach the end of their operational life, SSEN Transmission has an ongoing programme of maintenance and refurbishment to ensure its critical, national infrastructure assets continue to deliver for electricity customers, generators and wider society.

In July 2022 the NESO released its holistic network design, a blueprint for the network investment required to enable Net Zero and the connection of 50GW of offshore wind by 2030. In December 2022, OFGEM confirmed need for this programme of work and that delivery would be by the existing transmission network owners.

### ***RIIO-T3***

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 £22.3 billion, in 2023/24 prices. This includes around £16 billion of Accelerate Strategic Transmission Investment and Large Onshore Transmission Investments already approved by OFGEM. The plan also set out the potential for an additional £9.4 billion of future UM expenditure, which includes the regional and system operability investment required to deliver Clean Power 2030. OFGEM approved the plan in December 2025.

In December 2024 OFGEM reaffirmed the need for several additional strategic investments in the north of Scotland that were set out in the NESO ‘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. SSEN Transmission has already initiated supply chain engagement on one of the largest elements of this programme, the second Shetland, 2GW HVDC link to connect offshore wind.

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 with SSE's RIIO-T3 Business Plan and approved by OFGEM in December 2025 as part of its RIIO-T3 Final Determinations.

### ***Electricity distribution***

SSE's distribution business, Scottish and Southern Energy Power Distribution operates two distribution licenses. In the North of Scotland, SHEPD is the licensed distribution network owner and operator. In southern England SEPD is the licensed distribution network owner and operator.

The electricity industry is subject to extensive legal and regulatory obligations and controls with which both SHEPD and SEPD must comply. SHEPD and SEPD are regulated by the Authority. The principal objective and duties of the Authority are described above. The general duties of an electricity distribution licence holder under the Electricity Act 1989 are to develop, operate and maintain an efficient, co-ordinated and economical system of electricity distribution, and to facilitate competition in the supply and generation of electricity. Under the licence, where it is reasonable to do so, each of SHEPD and SEPD is under a statutory duty to connect any customer requiring electricity within its area and to maintain that connection. In each case, its licence may be terminated on 25 years' notice given by the Secretary of State and may be revoked immediately in certain circumstances including insolvency or failure to comply with an enforcement order made by OFGEM.

Under the RIIO price control framework the revenue that each of SHEPD and SEPD can earn is subject to control. Revenue is also linked to delivery of specific outputs.

SHEPD's and SEPD's operations are regulated under their distribution licences pursuant to which income generated is subject to a regulatory framework that provides economic incentives on the quality of service customers experience (reliability, connections, and social). OFGEM published its final determinations on the current RIIO-ED2 price control period on 30 November 2022, and SHEPD and SEPD confirmed their acceptance of this determination in early 2023. The final determinations set the base revenue for SHEPD and SEPD for the five years from 1 April 2023 until 31 March 2028.

SSE's final five-year price control settlement, at £3.6 billion, represents a 22 per cent. increase on allowances compared to RIIO-ED1. There will be additional opportunities to earn up to £700 million of additional funding under UMs. This reflects the fact that the five-year period is crucial for meeting climate ambition and OFGEM has recognised the central role distribution network operators will play in delivering a net zero electricity system. Respective net zero targets set by the UK and Scottish governments are expected to be as much as treble electricity demand by 2050. New demand on the distribution network will be driven by electrification of the UK's heat and transport sectors. The SSE Group's original business plan for RIIO-ED2 estimated that EV ownership will increase from 44,000 today to 5 million by 2050 in SHEPD and SEPD distribution areas alone, with around 1.3 million of these forecast by 2028, alongside 800,000 heat pumps in the same timeframe. The SSE Group is seeing evidence now of acceleration. In the South, the SSE Group is seeing rapid generation and demand growth, with contracted batteries doubling in the last year, and very high demand spikes from large data centres. In the North, the SSE Group's SHEPD region has seen its distributed generation pipeline triple from 3.7GW to 9.6GW in the last 18 months. There is a clear need for growth to enable net zero and unlock the economy, which will be further supported by the introduction of a net zero duty on OFGEM and a supportive Strategy and Policy Statement.

SSEN Distribution has already started a programme of work preparing for future demands on the networks. This work is being undertaken in the strategic context of the UK Government's commitments to decarbonise the electricity system by 2025 and the Scottish and UK Government's commitments to decarbonise the whole economy by 2045 and 2050 respectively. This work aligns to SSE Plc's wider strategy and NZAP Plus and will also take into account evolutions

to governance through the introduction of Regional Energy Strategic Plans and the recommendations from the NIC review into electricity distribution network.

In the shorter term, distribution networks are well placed to accelerate a green economic recovery through targeted investment in network infrastructure. SSEN continues to engage with government and OFGEM on measures that could unlock this investment during RIIO-ED2 and will continue to advocate constructively for a regulatory framework that meets the needs of current and future customers whilst also delivering the investment required to deliver a smart, flexible and equitable transition to net zero.

### *Electricity Generation*

The SSE Group's generation businesses generate electricity under licences issued under the Electricity Act 1989. The electricity generation licences oblige parties to accede to and/or comply with the sets of rules or "codes" ("**Codes**") that govern the operation of the electricity generation market. The main Codes are the Balancing and Settlement Code, the Connection and Use of System Code, the Distribution Connection and Use of System Agreement, the Grid Code and the Distribution Code. The current structure of the competitive UK market was put in place in 2005 when the England and Wales market rules were applied to Scotland, thereby creating the British Electricity Trading and Transmission Arrangements ("**BETTA**"). Significant modifications to the BETTA market operating rules require approval by the Authority.

While the SSE Group's generation businesses operate under such licences, electricity generation in the UK is a competitive activity and is not subject to price controls.

Following the passing of the Energy Act, a number of reforms to the UK electricity market have now been implemented, including the introduction of new long-term contracts (Contracts for Difference) to support low-carbon generation as well as a capacity mechanism to ensure generation capacity adequacy.

SSE Renewables continues to progress the delivery of Dogger Bank wind farm (3.6GW, SSE share 40 per cent.). Following the completion of turbine installation at Dogger Bank A in February 2026, commissioning continues and is expected to be substantially complete by the end of calendar year 2026. Turbine installation is progressing strongly at Dogger Bank B (1.2GW, SSE share 40 per cent.) with the installation run-rate far exceeding that achieved on the first phase, resulting in 17 turbines currently installed and first power achieved in early March 2026. On Dogger Bank C (1.2GW, SSE share 40 per cent.) installation of transition pieces was completed in November 2025, marking the successful installation of foundations across all three phases. When fully complete Dogger Bank will be capable of producing 6 per cent. of UK current demand, delivering substantial value for consumers from this nationally significant infrastructure.

Berwick Bank wind farm, fully consented in July 2025 for up to 4.1GW of offshore capacity, represents the potential of further critical infrastructure delivery by SSE for the UK, contributing to long-term energy security and clean power targets. If built to its full potential capacity, Berwick Bank could become the world's largest offshore wind farm on completion. In January 2026, Berwick Bank B secured a valuable route to market via a 20-year contract for 1.4GW of offshore capacity at a competitive strike price for consumers of £89.49/MWh through CfD Allocation Round 7. A final investment decision is expected in 2027.

The UK's intention to run Allocation Round 8 in the second half of 2026 is a positive step for the energy transition. As with Allocation Round 7, ambition on capacity will be critical to sustaining offshore delivery and value for consumers. In April 2026, further information on the offshore planning consent application for Arklow Bank Wind Park 2 (800MW) was submitted to Ireland's statutory planning body and a determination is anticipated by the end of the year. In May 2026, North Falls (900MW, SSE share 50 per cent.) was granted development consent for its offshore array.

Onshore wind construction at Aberarder and Strathy South in Scotland has been impacted by delayed grid access, resulting in the reported non-cash impairment. Construction continues at the RESS4-contracted Drumnahough wind farm in Ireland (56MW, SSE share 50 per cent.).

In England, Ferrybridge BESS (150MW) and Littleton solar (31MW) entered commercial operations in March 2026. Battery installation continues at the Monk Fryston (320MW) and Fiddlers Ferry (150MW) BESS projects. In Northern Ireland, following a final investment decision in December 2025, construction has started on the Derrymeen BESS (100MW) project.

In Southern Europe, Jubera Wind Farm (64MW) in Spain entered commercial operations in May 2026 and construction of a further 72MW of onshore wind capacity is under way at sites in Spain and Italy.

In hydro, repowering of Lochay power station (45MW) to extend its useful life by at least 40 years continues. The first of the two new turbine generating units is currently being installed and is expected to be commissioned later this year. The Coire Glas pumped hydro storage project (1.4GW) has progressed to the Project Assessment stage of OFGEM's Cap and Floor scheme for long-duration electricity storage, with the minded-to decision on successful projects expected in summer 2026.

Construction is under way at the 300MW Tarbert Next Generation power station, targeting full commercial operation from October 2027. The station has secured €335 million of revenues through a 10-year capacity agreement. Final investment decision was taken on Platin, a 170MW power station in County Meath, in July 2025, and preparatory works are under way with full site mobilisation expected in the coming months, targeting full commercial operation from October 2028. This project is also underpinned by a 10-year Capacity Market agreement, with a total value of around €250 million, and is targeting full commercial operation from October 2028. An amendment to the planning consent has been secured to enable Platin to run on natural gas, as well as sustainable biofuels, increasing overall potential capacity. SSE secured a further 10-year capacity agreement to support this at a value of around €19.9 million.

SSE has developed shovel-ready programmes to extend the life of its existing, wholly-owned CCGTs in GB. Subject to securing multi-year Capacity Market agreements, these investments would help ensure that existing generation assets remain ready to respond to system need, providing the enduring flexibility which is critical to enabling a renewables-led system.

In the UK, SSE is awaiting further detail on the mechanisms to procure new-build dispatchable capacity, including the Hydrogen to Power Business Model, any adaptations to the Capacity Market and further allocation of Dispatchable Power Agreements for CCS projects. These options could support investment in SSE's flexible generation pipeline, including Keadby and Ferrybridge Next Generation, Keadby CCS and Peterhead CCS.

For Peterhead CCS, SSE is continuing to work with Scottish Cluster partners and UK Government to agree a programme of funded development work.

The next phase of the UK Government Hydrogen Allocation Round 2 is anticipated in the coming months, including Aldbrough Hydrogen Pathfinder, with successful projects expected to be announced in 2026. Funding has also been confirmed for the first regional hydrogen transport and storage network, providing a potential investment opportunity for Aldbrough Hydrogen Storage.

The UK Government has consulted on the priorities for security of supply in the gas system during the energy transition. This recognised the value of flexible gas storage assets in ensuring a resilient system and explored a range of government policy actions, including the potential for a revenue support mechanism. SSE supports the introduction of a revenue support mechanism for gas storage. A further update is expected in the coming months.

The environmental impact of the operation of large generating stations in the UK is regulated by the Environment Agency in England ("EA"), Natural Resources Wales in Wales ("NRW") and the SEPA. EA and SEPA were both established under the Environment Act 1995, whereas NRW only became operational from 1 April 2013 when it took over the management of natural resources of Wales. The operation of the SSE Group's generating plant in England and Wales and Scotland is carried out under permits issued by the relevant regulator. These permits impose limits on all activities that could impact the environment, including emissions to air and water and the production and disposal of wastes. Formal statutory notices may be issued by EA, NRW and SEPA in relation to any environmental incidents. The EA also issues permits under the UK emissions trading scheme for carbon dioxide emissions and ensures industry

compliance with such scheme. The SSE Group's carbon emissions data is externally verified by a UK accreditation service.

### ***Electricity and Gas Supply***

The SSE Group's non-domestic electricity and gas supply businesses operate under licences issued under the Electricity Act 1989 and the Gas Act 1986. The provisions of such licences are regulated by the Authority. The principal objective and duties of the Authority are described above. While the SSE Group's supply businesses operate under licence, the supply of electricity and gas in the UK is a competitive activity and is not subject to price controls.

Following the reference by OFGEM to the CMA in 2014 to investigate the supply and acquisition of energy in the UK, the CMA's Final Report established that wholesale gas-markets are liquid and transparent and do not act as a barrier to entry or lead to other market inefficiencies; vertical integration does not give companies an unfair advantage; there is no unilateral market power in generation; there is no "over-compensation" of generators; and there is no coordination, tacit or otherwise, between household energy suppliers.

Notwithstanding this, suppliers remain under pressure to evolve and adapt in response to affordability concerns, competition and changing customer expectations at a time of considerable regulatory and technological change. This includes, for example, the rollout of smart meters and the ongoing work towards the launch of market-wide half hourly settlement (targeted for the end of May 2027).

SSE believes strongly in the potential for smart meters to transform its relationship with customers and is focused on delivering its obligation to roll out smart meters in a way which is safe, minimises the costs and maximises the benefits for customers. The key challenge remains the need to drive customer demand for smart meters, with non-domestic customers considering several factors including system impact, cost / benefit of any installation, business disruption and safety. SSE has introduced exclusive offers for customers taking a smart meter and SSE continues to support the work of smart Energy GB to raise awareness and interest in smart meters more generally, and work with OFGEM and the DESNZ on the development of a post-2025 non-domestic smart metering framework.

### ***Supplier financial resilience***

Following the gas price crisis period in 2021/22, OFGEM concluded that suppliers were not resilient enough to manage unexpected shocks or stresses in the energy market. Those suppliers exiting the market left behind significant costs when they exited. In response, OFGEM now requires suppliers to provide more detailed, frequent information about their financial performance. This includes both actual and forecast information, including annual stress testing using commodity-based scenarios created by OFGEM and a monthly financial responsibility request for information.

The mutualisation costs of non-payments to social and environmental programmes must be paid for by active suppliers and their customers. These costs are unplanned and have the potential to be significant, OFGEM's changes have, therefore, reduced the risk (and consequence) of Renewables Obligation mutualisation, and protect to some extent against the consequential impacts of any future supplier failure.

### **Scottish Hydro Electric Power Distribution plc**

Scottish Hydro Electric Power Distribution plc ("SHEPD") was incorporated with limited liability in Scotland under the Companies Act 1985 with registration number SC213460 on 4 December 2000 for an unlimited term, and is a 100 per cent. indirectly owned subsidiary of SSE. SHEPD was originally incorporated as Dunwilco (847) Limited, and on 8 January 2001 it changed its name to SSE Distribution (North) Limited. On 8 March 2001 it changed its name to Scottish Hydro-Electric Power Distribution Limited and on 25 August 2006 it changed again to become Scottish Hydro-Electric Power Distribution plc. On 2 February 2007 the hyphen was dropped, and it became Scottish Hydro Electric Power Distribution plc. The address of SHEPD's registered office is Inveralmond House, 200 Dunkeld Road, Perth PH1 3AQ and the telephone number of the main switchboard at the registered office is 0800 048 3516. The website of SHEPD is <https://www.ssen.co.uk/home/>. No information on such website forms part of this Prospectus except as specifically incorporated by reference, see "Documents Incorporated by Reference".

The North of Scotland electricity distribution business of SSE was transferred to SHEPD on 1 October 2001 through a statutory transfer scheme under the Utilities Act 2000. SHEPD’s principal activity is the distribution of electricity to around 0.8 million customers in the North of Scotland. It currently has over 50,000 kilometres of electricity mains on commission and also provides electricity connections within SHEPD’s licensed area and owns and operates a number of the out of area electricity networks in the rest of Scotland.

SHEPD is the subject of incentive-based regulation by the industry regulator, the OFGEM, which sets the prices that can be charged for the use of the electricity network, the allowed capital and operating expenditure, within a framework known as the price control. In broad terms, OFGEM seeks to strike the right balance between attracting investment in electricity networks, encouraging companies to operate the networks as efficiently as possible and ensuring that prices for customers are no higher than they need to be. OFGEM also places specific incentives on companies to improve their efficiency and quality of service. SHEPD is currently in RIIO-ED2 (Revenue = Incentives + Innovation + Outputs) price control period which runs for five years from 1 April 2023 until 31 March 2028.

SHEPD’s strategy and main objectives are to:

- comply fully with all electricity network safety standards and environmental requirements;
- ensure that the electricity network is managed as efficiently as possible, including maintaining tight controls over operational expenditure;
- provide good performance in areas such as reliability of supply, customer service and innovation and thus earn additional incentive-based revenue under the various OFGEM schemes;
- deliver efficient and innovative capital expenditure programmes, so that the number and duration of power cuts experienced by customers is kept to a minimum;
- grow the RAV of the business and so secure increased revenue;
- engage constructively with the regulator, OFGEM, to secure regulatory outcomes that meet the needs of customers and investors; and
- engage with the wider networks industry and other stakeholders to define and implement the process of distribution companies moving to a DSO role.

### **Board of Directors of SHEPD**

As at the date of this Prospectus, the members of the Board of Directors of SHEPD, all of Inveralmond House, 200 Dunkeld Road, Perth PH1 3AQ, UK are as follows:

<b>Name</b>	<b>Title</b>	<b>Significant Outside Activities</b>
Alistair Phillips-Davies CBE	Director	No significant outside activities
Chris Burchell	Director	No significant outside activities
Dinesh Manuelpillai	Director	No significant outside activities
Klair Neenan	Director	No significant outside activities
Eliane Algaard	Director	No significant outside activities
Samuel Peacock	Director	No significant outside activities
Paul Brown	Non-Executive Director	No significant outside activities
Maxine Frerk	Non-Executive Director	No significant outside activities

There are no potential conflicts of interest between the duties of any of the members of the Board of Directors of SHEPD and his/her private interests and/or other duties.

### **Scottish Hydro Electric Transmission plc**

Scottish Hydro Electric Transmission plc (“**SSEN Transmission**”) was incorporated with limited liability in Scotland under the Companies Act 1985 with registration number SC213461 on 4 December 2000 for an unlimited term. SSEN

Transmission was originally incorporated as Dunwilco (848) Limited and on 8 January 2001 changed its name to SSE Transmission Limited. On 8 March 2001 it changed its name to Scottish Hydro-Electric Transmission Limited and on 2 February 2007 the hyphen was dropped, and it became Scottish Hydro Electric Transmission Limited with a further name change to Scottish Hydro Electric Transmission plc on 25 October 2012. Following a minority stake sale completed in November 2022, SSEN Transmission is owned 75 per cent. Indirectly by SSE plc and 25 per cent. by Ontario Teachers' Pension Plan. The address of SSEN Transmission's registered office is Inveralmond House, 200 Dunkeld Road, Perth PH1 3AQ and the telephone number of the main switchboard at the registered office is 0800 048 3516. The website of SSEN Transmission is <https://www.ssen-transmission.co.uk/>. No information on such website forms part of this Prospectus except as specifically incorporated by reference, see "Documents Incorporated by Reference".

SSEN Transmission own and maintain the 132kV, 275kV and 400kV electricity transmission network in its licence area in the north of Scotland. The network comprises of underground cables, overhead lines, steel towers and electricity substations, and it extends over a quarter of the UK land mass across some of its most challenging terrain.

SSEN Transmission's first priority is to provide a safe and reliable supply of electricity to its communities. This is done by taking the electricity from generators and transporting it at high voltages over long distances through the SSEN Transmission network for onwards distribution to homes and businesses in villages, towns and cities.

SSEN Transmission's operating area is home to vast renewable energy resources and this is being harnessed by wind, hydro and marine generation. Working closely with National Grid, the UK transmission System Operator, SSE also enables these electricity generators to connect to the transmission system by providing their connections and allowing the electricity generated by them to be transported to areas of demand across the country.

Scotland's transmission network has a strategic role to play in supporting delivery of the UK and Scotland's Net Zero targets. SSEN Transmission already a mass exporter of renewable energy, with around two thirds of power generated in SSE's network area exported to demand centres further south. By 2050, the north of Scotland is expected to need 40GW of low carbon energy capacity to support net zero delivery.<sup>15</sup>

SSEN Transmission is the subject of incentive-based regulation by the industry regulator, OFGEM, which sets the revenue that is allowed to be recovered for use of the network, the allowed capital and operating expenditure, within a framework known as the price control. SSEN Transmission is currently in RIIO-T3 price control period which runs for five years from 1 April 2026 until 31 March 2031. In broad terms, OFGEM seeks to strike the right balance between attracting investment in electricity networks, encouraging companies to operate the networks as efficiently as possible and ensuring that prices for customers are no higher than they need to be. The RIIO price controls, which are common to all electricity and gas businesses regulated by OFGEM, sees additional emphasis placed on innovation, incentives and outputs, and require regulated businesses to take on additional risk and reward mechanisms, with the possibility of outperformance resulting in additional income or underperformance resulting in penalties.

SSEN Transmission's strategy and main objectives are to:

- comply fully with all electricity network safety standards and environmental requirements;
- ensure that the electricity network is managed as efficiently as possible, including maintaining tight controls over operational expenditure and the delivery of the capital expenditure programme;
- provide good performance in areas such as reliability of supply, customer service and innovation;
- ensure there is sufficient network capacity for those seeking to generate electricity from renewable and other sources within the licensed network area;
- grow the RAV of the business, and so, secure increased revenue; and
- engage constructively with the regulator, OFGEM, to secure regulatory outcomes that meet the needs of customers and investors.

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<sup>15</sup> <https://www.theccc.org.uk/wp-content/uploads/2020/12/Sector-summary-Electricity-generation.pdf>

## Board of Directors of SSEN Transmission

As at the date of this Prospectus, the members of the Board of Directors of SSEN Transmission, all of Inveralmond House, 200 Dunkeld Road, Perth PH1 3AQ, UK are as follows:

Name	Title	Significant Outside Activities
Gregor Alexander	Director	No significant outside activities
Robert McDonald	Director	No significant outside activities
Barry O'Regan	Director	No significant outside activities
Charlotte Brunning	Director	No significant outside activities
Charles Thomazi	Director	No significant outside activities
Amanzhol Zhangel'din	Director	No significant outside activities
Ronald Fleming	Director	No significant outside activities
Maz Alkirwi	Director	No significant outside activities
Laura Sandys	Non-Executive Director	No significant outside activities
Dame Susan Bruce	Non-Executive Director	No significant outside activities

There are no potential conflicts of interest between the duties of any of the members of the Board of Directors of SSEN Transmission and his/her private interests and/or other duties.

## Southern Electric Power Distribution plc

Southern Electric Power Distribution plc (“SEPD”) was incorporated with limited liability in England and Wales under the Companies Act 1985 with registration number 04094290 on 23 October 2000 for an unlimited term and is a 100 per cent. indirectly owned subsidiary of SSE. SEPD was originally incorporated as Dunwilco (828) Limited, and on 10 January 2001 changed its name to SSE Distribution (South) Limited with a further name change to Southern Electric Power Distribution plc on 6 March 2001. The address of SEPD’s registered office is No.1 Forbury Place, 43 Forbury Road, Reading, RG1 3JH and the telephone number of the main switchboard at the registered office is 0800 048 3516. The website of SEPD is <https://www.ssen.co.uk/home/>. No information on such website forms part of this Prospectus except as specifically incorporated by reference, see “Documents Incorporated by Reference”.

The south of England electricity distribution business of SSE was transferred to SEPD on 1 October 2001 through a statutory transfer scheme under the Utilities Act 2000. SEPD’s principal activity is the distribution of electricity to over 3.1 million customers in the South of England. It currently has around 79,100 kilometres of electricity mains on commission. SEPD also provides electricity connections within SEPD’s licensed area and owns and operates a number of out of area electricity networks in the rest of England and Wales.

SEPD is the subject of incentive-based regulation by the industry regulator, the OFGEM, which sets the prices that can be charged for the use of the electricity network, the allowed capital and operating expenditure, within a framework known as the price control. In broad terms, OFGEM seeks to strike the right balance between attracting investment in electricity networks, encouraging companies to operate the networks as efficiently as possible and ensuring that prices for customers are no higher than they need to be. OFGEM also places specific incentives on companies to improve their efficiency and quality of service. SEPD is currently in RIIO-ED2 (Revenue = Incentives + Innovation + Outputs) price control period which runs for five years from 1 April 2023 until 31 March 2028.

SEPD’s strategy and main objectives are to:

- comply fully with all electricity network safety standards and environmental requirements;
- ensure that the electricity network is managed as efficiently as possible, including maintaining tight controls over operational expenditure;

- provide good performance in areas such as reliability of supply, customer service and innovation and thus earn additional incentive-based revenue under the various OFGEM schemes;
- deliver efficient and innovative capital expenditure programmes, so that the number and duration of power cuts experienced by customers is kept to a minimum;
- grow the RAV of the business and so secure increased revenue;
- engage constructively with the regulator, OFGEM, to secure regulatory outcomes that meet the needs of customers and investors; and
- engage with the wider networks industry and other stakeholders to define and implement the process of distribution companies moving to a DSO role.

### **Board of Directors of SEPD**

As at the date of this Prospectus, the members of the Board of Directors of SEPD, all of No.1 Forbury Place, 43 Forbury Road, Reading, RG1 3JH, UK are as follows:

<b>Name</b>	<b>Title</b>	<b>Significant Outside Activities</b>
Alistair Phillips-Davies CBE	Director	No significant outside activities
Chris Burchell	Director	No significant outside activities
Klair Neean	Director	No significant outside activities
Dinesh Manuelpillai	Director	No significant outside activities
Samuel Peacock	Director	No significant outside activities
Eliane Algaard	Director	No significant outside activities
Samuel Peacock	Director	No significant outside activities
Paul Brown	Non-Executive Director	No significant outside activities
Maxine Frerk	Non-Executive Director	No significant outside activities

There are no potential conflicts of interest between the duties of any of the members of the Board of Directors of SEPD and his/her private interests and/or other duties.

## TAXATION

### General

*The comments below are of a general nature and are not intended to be exhaustive. They apply only to persons who are beneficial owners of the Notes, and concern only certain withholding obligations and reporting requirements with respect to the Notes. They assume that there will be no substitution of the Issuer and do not address the consequences of any such substitution (notwithstanding that such substitution may be permitted by the terms and conditions of the Notes). Any Noteholders or Couponholders who are in doubt as to their own tax position should consult their professional advisers. In particular, Noteholders and Couponholders should be aware that the tax legislation of any jurisdiction where a Noteholder or Couponholder is resident or otherwise subject to taxation (as well as the jurisdiction discussed below) may have an impact on the tax consequences of an investment in the Notes including in respect of any income received from the Notes.*

### United Kingdom taxation

*The comments in this part are based on current United Kingdom tax law as applied in the United Kingdom (but does not comment on matters of devolved taxation) and HM Revenue & Customs practice (which may not be binding on HM Revenue & Customs), in each case as at the latest practicable date before the date of this prospectus, and are not intended to be exhaustive. References in this part to “interest” shall mean amounts that are treated as interest for the purposes of United Kingdom taxation.*

#### 1 Interest on the Notes

The Notes issued which carry a right to interest will constitute “quoted Eurobonds” within the meaning of section 987 of the Income Tax Act 2007 provided they are and continue to be listed on a recognised stock exchange, within the meaning of section 1005 Income Tax Act 2007. The London Stock Exchange is a recognised stock exchange for these purposes. Notes will be treated as listed on the London Stock Exchange if they are included in the Official List by the FCA and are admitted to trading on the Main Market (excluding the High Growth Segment) of the London Stock Exchange.

Whilst the Notes are and continue to be quoted Eurobonds, payments of interest by the relevant Issuer on the Notes may be made without withholding or deduction for or on account of UK income tax.

In all other cases, interest will generally be paid by the relevant Issuer under deduction of UK income tax, currently at the basic rate (which is 20 per cent.) but from 6 April 2027 at the savings basic rate (which will be 22 per cent. from that date), subject to the availability of other reliefs or exceptions under domestic law or to any direction to the contrary from HM Revenue & Customs in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty. However, there should be no withholding or deduction for or on account of UK income tax if the relevant interest is paid on Notes with a maturity date of less than one year from the date of issue and which are not issued under arrangements the intention or effect of which is to render such Notes part of a borrowing with a total term of a year or more. If any amount must be withheld by the relevant Issuer on account of UK tax from payments of interest on the Notes then such Issuer will, subject to the provisions of Condition 9 of the Terms and Conditions of the Senior Notes and Condition 11 of the Terms and Conditions of the Subordinated Notes (including customary exceptions set out therein), pay such additional amounts as will result in the Noteholders or Couponholders receiving an amount equal to that which they would have received had no such withholding been required.

Interest on the Notes constitutes UK source income for UK tax purposes and, as such, may be subject to UK tax by direct assessment even where paid without withholding. However, interest with a UK source received without deduction or withholding on account of UK tax will not be chargeable to UK tax in the hands of a Noteholder or Couponholder who is not resident for tax purposes in the UK unless that Noteholder or Couponholder carries on a trade, profession or vocation in the UK through a UK branch or agency or, in the case of a corporate Noteholder or Couponholder, carries on a trade through a UK permanent establishment, in

connection with which the interest is received or to which the Notes are attributable, in which case tax may be levied on the UK branch or agency or permanent establishment through which the trade, profession or vocation is carried on. There are exemptions for interest received by certain categories of agent (such as some brokers and investment managers).

The provisions relating to additional amounts referred to in Condition 9 of the Terms and Conditions of the Senior Notes and Condition 11 of the Terms and Conditions of the Subordinated Notes would not apply if HM Revenue and Customs sought to assess the person entitled to the relevant interest or (where applicable) profit on any Note directly to UK tax. However, exemption from or reduction of such UK tax liability might be available under an applicable double taxation treaty.

## **2 Other Rules Relating to United Kingdom Withholding Tax**

The reference to “interest” in this United Kingdom Taxation section means “interest” as understood in United Kingdom tax law, and in particular any premium element of the redemption amount of any Notes redeemable at a premium may constitute a payment of interest subject to the withholding tax provisions discussed above. In certain cases, amounts of discount where Notes are issued at a discount could also constitute a payment of interest. The statements above do not take any account of any different definitions of “interest” or “principal” which may prevail under any other law or which may be created by the Terms and Conditions of the Notes or any related documentation.

## **Information Reporting**

### **FATCA Withholding**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, as amended, commonly known as FATCA, a “foreign financial institution” (including an intermediary through which Notes are held) may be required to withhold at a rate of 30 per cent. on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions (including the U.K.) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, proposed regulations have been issued that provide that such withholding would not apply prior to the date that is two years after the date on which final regulations defining “foreign passthru payments” are published in the U.S. Federal Register. In the preamble to the proposed regulations, the U.S. Treasury Department indicated that taxpayers may rely on these proposed regulations until the issuance of final regulations. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

## SUBSCRIPTION AND SALE

### Summary of Dealer Agreement

Subject to the terms and on the conditions contained in an Amended and Restated Dealer Agreement dated 1 June 2026 (as amended or supplemented as at the Issue Date in respect of the relevant Notes, the “**Dealer Agreement**”) between the Issuers, the Permanent Dealers and the Arranger, the Notes will be offered on a continuous basis by the Issuers to the Permanent Dealers. However, each Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may also be sold by the relevant Issuer through the Dealers, acting as agents of such Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

Each Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuers have agreed to reimburse the Arranger for certain of its expenses incurred in connection with the establishment of the Programme and the Dealers for certain of their activities in connection with the Programme.

Each Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the relevant Issuer.

### Selling Restrictions

#### United States of America

The Notes have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Bearer Notes having a maturity of more than one year are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury Regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and U.S. Treasury Regulations thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that except as permitted by the Dealer Agreement, it has not offered, sold or delivered and will not offer, sell or deliver the Notes of any identifiable Tranche (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such Tranche as determined, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

This Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Prospectus does not constitute an offer to any person in the United States. Distribution of this Prospectus by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States, is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States is prohibited.

### **Prohibition of Sales to EEA Retail Investors**

Unless the Final Terms in respect of any Notes specifies the “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms in relation thereto to any retail investor in the EEA. For the purposes of this provision the expression “**retail investor**” means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of MiFID II; or
- (ii) a customer within the meaning of the IDD, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
- (iii) not a qualified investor as defined in the Prospectus Regulation; and

the expression an “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Final Terms in respect of any Notes specifies the “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, in relation to each Member State of the European Economic Area, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms in relation thereto to the public in that Member State except that it may make an offer of such Notes to the public in that Member State:

- (i) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (ii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (iii) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (i) to (iii) above shall require the relevant Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation, or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “**offer of Notes to the public**” in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression “**Prospectus Regulation**” means Regulation (EU) 2017/1129.

### **Prohibition of Sales to UK Retail Investors**

Unless the Final Terms in respect of any Notes specifies the “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold, distributed or otherwise made available and will not offer, sell, distribute or otherwise make available any Notes to any retail investor in the UK. For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is either one (or both) of the following:
  - (i) not a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
  - (ii) not a qualified investor as defined in paragraph 15 of Schedule 1 to the POATRs; and

- (b) the expression “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to buy or subscribe for the Notes.

If the Final Terms in respect of any Notes specifies “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of this Prospectus as completed by the Final Terms in relation thereto to the public in the United Kingdom except that it may make an offer:

- (a) at any time where the offer is conditional on the admission of the Notes to trading on the London Stock Exchange plc’s main market (in reliance on the exception in paragraph 6(a) of Schedule 1 to the POATRs);
- (b) at any time to any legal entity which is a qualified investor as defined in paragraph 15 of Schedule 1 to the POATRs;
- (c) at any time to fewer than 150 persons (other than qualified investors as defined in paragraph 15 of Schedule 1 to the POATRs) in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer;
- (d) at any time if the denomination per Note being offered amounts to at least £50,000 (or equivalent); or
- (e) at any time in any other circumstances falling within Part 1 of Schedule 1 to the POATRs.

For the purposes of this provision, the expression “**an offer of Notes to the public**” in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to buy or subscribe for the Notes and the expression “**POATRs**” means the Public Offers and Admissions to Trading Regulations 2024.

### **United Kingdom**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the FSMA by the relevant Issuer;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the relevant Issuer; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the UK.

### **Belgium**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Notes may not be advertised to any individual in Belgium qualifying as a consumer (*consument/consommateur*) within the meaning of the Belgian Code of Economic Law (*Wetboek van economisch recht/Code de droit économique*), as amended from time to time (a “**Belgian Consumer**”), and that it

has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.

### **Italy**

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* (“**CONSOB**”) pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Prospectus or of any other document relating to any Notes be distributed in Italy, except, in accordance with any Italian securities, tax and other applicable laws and regulations.

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered, sold or delivered, and will not offer, sell or deliver any Notes or distribute any copy of this Prospectus or any other document relating to the Notes in Italy except:

- (i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree no. 58 of 24 February 1998 (the “**Financial Services Act**”) and Article 34-ter, paragraph 1, letter (b) of CONSOB regulation No. 11971 of 14 May 1999 (the “**Issuers Regulation**”), all as amended from time to time; or
- (ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Issuers Regulation.

In any event, any offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in Italy under paragraphs (i) or (ii) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Financial Services Act, Legislative Decree No. 385 of 1 September 1993 (the “**Banking Act**”) and CONSOB Regulation No. 20307 of 15 February 2018, all as amended from time to time;
- (b) in compliance with Article 129 of the Banking Act, as amended from time to time, and the implementing guidelines of the Bank of Italy, as amended from time to time; and
- (c) in compliance with any other applicable laws and regulations, including any limitation or requirement which may be imposed from time to time by CONSOB or the Bank of Italy or other competent authority.

### **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**Financial Instruments and Exchange Act**”). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

### **Singapore**

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or

distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (2020 Revised Edition) of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

### **General**

These selling restrictions may be modified by the agreement of the relevant Issuer (or, if applicable, all the Issuers) and the Dealers following a change in a relevant law, regulation or directive.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Prospectus, any other offering material or any Final Terms, in all cases at its own expense, and neither the relevant Issuer nor any other Dealer shall have responsibility therefor.

## FORM OF FINAL TERMS FOR SENIOR NOTES

*The form of Final Terms that will be issued in respect of each Tranche, subject only to the deletion of non-applicable provisions, is set out below:*

**Final Terms dated [●]**

**[SSE plc]**

**Legal entity identifier (LEI): 549300KI75VYLLMSK856/**

**[Scottish Hydro Electric Power Distribution plc]**

**Legal entity identifier (LEI): 549300OPROMBN0FGNC34/**

**[Scottish Hydro Electric Transmission plc]**

**Legal entity identifier (LEI): 549300ECJZDA7203MK64/**

**[Southern Electric Power Distribution plc]**

**Legal entity identifier (LEI): 549300SR1GYYNBZQGX56/**

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
under the €20,000,000,000**

**Euro Medium Term Note Programme**

### PART A — CONTRACTUAL TERMS

*[Where the Issuer is relying on the exemption from the prohibition on offers to the public in paragraph 6(a) of Part 1 of Schedule 1 of the POATRs (listing exemption) insert:*

**The offer of the Notes described in these Final Terms is conditional on the Notes being admitted to trading on the main market of the London Stock Exchange plc. The offer of these Notes by the Issuer may be withdrawn without liability to the Issuer [or to any of the [Managers]] if the Notes are not admitted to the main market of the London Stock Exchange plc on or about the Issue Date.]**

**[PROHIBITION OF SALES TO EEA RETAIL INVESTORS** - The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “**IDD**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

**[PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold, distributed or otherwise made available to and should not be offered, sold, distributed or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is either one (or both) of the following: (i) not a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 (as amended, the “**EUWA**”); or (ii) not a qualified investor as defined in paragraph 15 of Schedule 1 to the Public Offers and Admissions to Trading Regulations 2024 (“**POATRs**”). Consequently, no disclosure document required by the FCA Product Disclosure Sourcebook (“**DISC**”), for offering, selling or distributing the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering, selling or

distributing the Notes or otherwise making them available to any retail investor in the UK may be unlawful under DISC and the Consumer Composite Investments (Designated Activities) Regulations 2024.]<sup>16</sup>

**[MiFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

**[UK MiFIR product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“**COBS**”), and professional clients, as defined in Regulation EU No 600/2014 as it forms part of domestic law of the UK by virtue of the EUWA (“**UK MiFIR**”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

**[UK MiFIR product governance / Professional investors and ECPs, and also UK retail investors target market** – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is professional clients, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**UK MiFIR**”) (a “**professional client**”) and eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“**COBS**”), and also UK retail clients (where, for these purposes, a retail client means a client who is not a professional client); EITHER [and (ii) all channels for distribution of the Notes are appropriate[, including investment advice, portfolio management, non-advised sales and pure execution services]] OR [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Notes to UK retail clients are appropriate - investment advice[,/ and] portfolio management[,/ and][ non-advised sales ][and pure execution services][, subject to the distributor’s suitability and appropriateness obligations under COBS, as applicable]]. [*Consider any negative target market.*] Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels[, subject to the distributor’s suitability and appropriateness obligations under COBS, as applicable].]

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Senior Notes (the “**Conditions**”) set forth in the Prospectus dated 1 June 2026 [and the supplemental Prospectus dated [●]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Rules: Admission to Trading on a Regulated Market sourcebook (“**PRM**”). This document constitutes the Final Terms of the Notes described herein for the purposes of the PRM and must be read in conjunction with such Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final

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<sup>16</sup> Option for UK retail target market included. For Low denomination issuances with intended UK retail distribution, only EEA restriction should be included.

Terms and the Prospectus [as so supplemented]. The Prospectus [and the supplemental Prospectus] [is] [are] available for viewing at the website of the London Stock Exchange <http://londonstockexchange.com/exchange/news/market-news/market-news-home.html> and during normal business hours copies may be obtained from [●].

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Senior Notes (the “**Conditions**”) set forth in the Prospectus dated [original date] [and the supplemental Prospectus dated [●]] and incorporated by reference into the Prospectus dated 1 June 2026. This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Rules: Admission to Trading on a Regulated Market sourcebook (“**PRM**”) and must be read in conjunction with the Prospectus dated 1 June 2026 [and the supplemental Prospectus dated [●]], which [together] constitute[s] a base prospectus for the purposes of the PRM, save in respect of the Conditions which are extracted from the Prospectus dated [original date] [and the supplemental Prospectus(es) to it dated [●]]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus [as so supplemented]. The Prospectuses [and the supplemental Prospectuses] are available for viewing at the website of the London Stock Exchange <http://londonstockexchange.com/exchange/news/market-news/market-news-home.html> during normal business hours copies may be obtained from [●].

1	Issuer:	[SSE plc]/ [Scottish Hydro Electric Power Distribution plc]/ [Scottish Hydro Electric Transmission plc]/ [Southern Electric Power Distribution plc]
2	Status:	Senior Notes
3	(i) [Series Number:]	[●]
	(ii) [Tranche Number:]	[●]
4	Specified Currency or Currencies:	[●]
5	Aggregate Nominal Amount of Notes:	[●]
	(iii) [Series:]	[●]
	(iv) [Tranche:]	[●]
	(v) [Date on which the Notes become fungible:]	Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with [●] on [●]/the Issue Date/ exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [30] below [which is expected to occur on or about [●]].]
6	Issue Price:	[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [●]]
7	(i) Specified Denominations:	[●] [and integral multiples of [●] in excess thereof up to and including [●]. [No notes in definitive form will be issued with a denomination above [●]]
	(ii) Calculation Amount:	[●]
8	(i) Trade Date:	[●]
	(ii) Issue Date:	[●]
	(iii) Interest Commencement Date:	[[●]/Issue Date/Not Applicable]
9	Maturity Date:	[●]
10	Interest Basis:	[[●] per cent. Fixed Rate] [[EURIBOR/SONIA] +/- [●] per cent. Floating Rate]

- [Zero Coupon]  
[RPI Linked]  
(further particulars specified below)
- 11 Redemption/Payment Basis: [Redemption at par]  
[RPI Linked Redemption]
- 12 Change of Interest or [●]/Not Applicable  
Redemption/Payment Basis:
- 13 Put/Call Options: [General Put]  
[Restructuring Event Put]  
[Change of Control Put]  
[SSE Restructuring Event Put]  
[Issuer Call]  
[Make-Whole Call]  
[Issuer Maturity Par Call]  
[Clean-Up Call]
- 14 [[Date [Board] approval for issuance of [●] [and [●], respectively]]  
Notes obtained:]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

- 15 Fixed Rate Note Provisions: [Applicable/Not Applicable]
- (i) Rate[(s)] of Interest: [●] per cent. per annum [payable [annually/semi annually/quarterly] in arrear]
- (ii) Interest Payment Date(s): [●] in each year
- (iii) Fixed Coupon Amount[(s)]: [●] per Calculation Amount
- (iv) Broken Amount(s): [●] per Calculation Amount [(applicable to the Notes in definitive form) and [●] per outstanding Nominal Amount of the Notes (applicable to the Notes in global form)], payable on the Interest Payment Date falling on [●]
- (v) Day Count Fraction: [Actual/Actual][Actual/Actual (ISDA)]  
[Actual/365 (Fixed)]  
[Actual/360]  
[30/360/360/360/Bond Basis]  
[30E/360/Eurobond Basis]  
[30E/360 (ISDA)]  
[Actual/Actual (ICMA)]
- (vi) [Determination Dates: [[●] in each year/[Not Applicable]]
- 16 Floating Rate Note Provisions: [Applicable/Not Applicable]
- (i) Interest Period(s): [●]
- (ii) Specified Interest Payment Dates: [●]
- (iii) First Interest Payment Date: [●]
- (iv) Interest Period Date: [●]
- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]

(vi) Business Centre(s):	[●]
(vii) Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination]
(viii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Agent]):	[●]
(ix) Screen Rate Determination:	
– Reference Rate:	[EURIBOR][SONIA Compounded Index Rate / SONIA Compounded Daily Reference Rate [with Observation Shift] / [with Lag] where “p” is: <i>[specify number]</i> London Business Days <i>[being no less than [5] London Business Days]</i> / <i>[insert other applicable reference rates included in terms and conditions]</i>
– Interest Determination Date(s):	[The date which is [“p”] London Business Days prior to each Interest Payment Date <sup>17</sup> / [2 London Business Days] prior to the first day in each Interest Period] <sup>18</sup>
– Relevant Screen Page:	[●][[Bloomberg Screen Page : SONCINDEX] <sup>19</sup> / <i>see pages of authorised distributors for SONIA Compounded Index Rate</i> ] or [Bloomberg Screen Page : SONIO/N Index] <sup>20</sup> / <i>SONIA Compounded Daily Reference Rate as applicable</i>
– Relevant Fallback Screen Page:	[[Bloomberg Screen Page : SONIO/N Index] / <i>see pages of authorised distributors for SONIA Compounded Daily Reference Rate as applicable</i> ] [●] <sup>21</sup>
(x) Linear Interpolation:	[Not Applicable]/[Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
(xi) Margin(s):	[+/-][●] per cent. per annum
(xii) Minimum Rate of Interest:	[●] per cent. per annum
(xiii) Maximum Rate of Interest:	[●] per cent. per annum
(xiv) Day Count Fraction:	[Actual/Actual][Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/360] [30/360/360/360/Bond Basis] [30E/360/Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual (ICMA)]
17 Zero Coupon Note Provisions:	[Applicable/Not Applicable]

<sup>17</sup> Use this first option for SONIA notes. The Interest Determination Date should match the last day of the Observation Period.

<sup>18</sup> Use this second option for IBORs or other forward-looking term rates.

<sup>19</sup> Where SONIA Compounded Index Rate applies. See here for details of the authorised redistributors of SONIA data: <https://www.bankofengland.co.uk/markets/sonia-benchmark/sonia-key-features-and-policies>. The SONIA Compounded Index Rate is also published by Refinitiv and ICE Group.

<sup>20</sup> Where SONIA Compounded Daily Reference Rate applies. See here for details of the authorised redistributors of SONIA data: <https://www.bankofengland.co.uk/markets/sonia-benchmark/sonia-key-features-and-policies>. The SONIA reference rate is also published by Refinitiv and ICE Group.

<sup>21</sup> Only applicable in the case of SONIA Compounded Index Rate.

- (i) Amortisation Yield: [●] per cent. per annum
- (ii) Day Count Fraction in relation to Early Redemption Amount: [Actual/Actual] [Actual/Actual (ISDA)]  
[Actual/365 (Fixed)]  
[Actual/360]  
[30/360/360/360/Bond Basis]  
[30E/360/Eurobond Basis]  
[30E/360 (ISDA)]  
[Actual/Actual (ICMA)]
- 18 RPI Linked Note Provisions: [Applicable/Not Applicable]
  - (i) Rate of Interest: [●]/[Not Applicable]
  - (ii) Base Index Figure: [●]/[Not Applicable]
  - (iii) Reference Gilt: [●]/[Not Applicable]
  - (iv) Index Figure applicable: [3 months lag/8 months lag]
  - (v) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Agent]): [●]/[Not Applicable]
  - (vi) Interest Determination Date(s): [●]
  - (vii) Interest Period(s): [●]
  - (viii) Specified Interest Payment Dates: [●]
  - (ix) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
  - (x) Business Centre (s): [●]
  - (xi) Minimum Rate of Interest: [●] per cent. per annum
  - (xii) Maximum Rate of Interest: [●] per cent. per annum
  - (xiii) Day Count Fraction: [Actual/Actual] [Actual/Actual (ISDA)]  
[Actual/365 (Fixed)]  
[Actual/360]  
[30/360/360/360/Bond Basis]  
[30E/360/Eurobond Basis]  
[30E/360 (ISDA)]  
[Actual/Actual (ICMA)]

**PROVISIONS RELATING TO REDEMPTION**

- 19 Call Option: [Applicable/Not Applicable]
  - (i) Optional Redemption Date(s): [●]
  - (ii) Optional Redemption Amount(s): [●] per Calculation Amount
  - (iii) If redeemable in part:
    - (a) Minimum Redemption Amount: [●] per Calculation Amount
    - (b) Maximum Redemption Amount: [●] per Calculation Amount
  - (iv) Notice period: [●]
- 20 Make-Whole Redemption: [Applicable/Not Applicable]
  - (i) Make-Whole Redemption Date(s): [●]

- (ii) Make-Whole Amount(s):
  - (a) Specified Time: [●]
  - (b) Redemption Margin: [●] per cent.
- (iii) If redeemable in part: [●]
  - (a) Minimum Redemption Amount: [●] per Calculation Amount
  - (b) Maximum Redemption Amount: [●] per Calculation Amount
- (iv) Notice period: [●]
- 21 Issuer Maturity Par Call: [Applicable/Not Applicable]
  - Notice period: [●]
- 22 Clean-Up Call Option: [Applicable/Not Applicable]
  - (i) [Clean-Up Redemption Amount: [●] per Note of [●] Specified Denomination
  - (ii) Clean-Up Call Threshold Percentage:] [75][●] per cent.
- 23 General Put Option: [Applicable/Not Applicable]
  - (i) Optional Redemption Date(s): [●]
  - (ii) Optional Redemption Amount(s): [●] per Calculation Amount
  - (iii) Notice period: [●]
- 24 Restructuring Event Put Option: [Applicable/Not Applicable]
  - (i) Restructuring Event Redemption Amount: [●]
  - (ii) Put Period: [●]
  - (iii) Put Date: [●]
- 25 Change of Control Put Option: [Applicable/Not Applicable]
  - (i) Change of Control Redemption Amount: [●]
  - (ii) Put Period: [●]
  - (iii) Put Date: [●]
- 26 SSE Restructuring Event Put Option: [Applicable/Not Applicable]
  - (i) SSE Restructuring Event Redemption Amount: [●]
  - (ii) Put Period: [●]
  - (iii) Put Date: [●]
- 27 Final Redemption Amount of each Note: [[●] per Calculation Amount]
 

[In cases where the Final Redemption Amount is RPI Linked:

  - (i) Party responsible for calculating the Final Redemption Amount (if not the Calculation Agent): [●]/[Not Applicable]
  - (ii) Determination Date(s): [●]
  - (iii) Payment Date: [●]
  - (iv) Minimum Final Redemption Amount: [●] per Calculation Amount

- (v) Maximum Final Redemption Amount: [●] per Calculation Amount]
- 28 Early Redemption Amount:  
 Early Redemption Amount(s) per [●]  
 Calculation Amount payable on redemption  
 for taxation reasons or on event of default  
 or other early redemption
- 29 Indexation: [Applicable/Not Applicable]
- (i) Base Index Figure: [●]
- (ii) Reference Gilt: [●]
- (iii) Index Figure applicable: [3 month lag]/[8 month lag]

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

- 30 Form of Notes: Bearer Notes
- [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
- [Temporary Global Note exchangeable for Definitive Notes on [●] days' notice]
- [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
- [Registered Note]
- [CREST Depository Interests (“CDIs”) representing the Notes may also be issued in accordance with the usual procedures of Euroclear UK & Ireland Limited (“CREST”)]
- 31 New Global Note intended to be held in a manner which would allow Eurosystem eligibility: [Not Applicable/Yes/No]
- [Note that the designation “Yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)][include this text for registered notes] and does not necessarily mean that the Notes will be recognized as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] *[Include this text if Yes selected, in which case the Notes must be issued in NGN form]*
- [Whilst the designation is specified as “No” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper),][include this text for registered notes]. Note that

this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

- 32 Financial Centre(s): [Not Applicable/[●]]
- 33 Talons for future Coupons to be attached to Definitive Notes: [No/Yes. As the Notes have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made.]
- 34 U.S. Selling Restrictions: [Reg. S Compliance Category 2; C RULES/ D RULES/ TEFRA not applicable]

**THIRD PARTY INFORMATION**

[[●] has been extracted from [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By: .....  
Duly authorised

## PART B—OTHER INFORMATION

### 1 LISTING

- (i) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Main Market of the London Stock Exchange plc and admitted to the Official List of the FCA with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Main Market of the London Stock Exchange plc and admitted to the Official List of the FCA with effect from [●].]
- (ii) Estimate of total expenses related to [●] admission to trading: [●]

### 2 RATINGS

- Ratings: [[The Notes to be issued [have been/are expected to be] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]]:  
[[Moody’s Investors Service Limited: [●]]  
[S&P Global Ratings UK Limited: [●]]  
[Fitch Ratings Ltd]]  
*[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*  
*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

### 3 [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER]

["Save as discussed in ["Subscription and Sale"], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."]

### 4 [Fixed Rate Notes only — YIELD]

- Indication of yield: [●]  
The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

### 5 [USE OF PROCEEDS]

- Use of Proceeds: [General corporate purposes/To [[finance] [or] [refinance]] Eligible Green Projects]  
*(See "Use of Proceeds" wording in Prospectus)*

- Estimated net proceeds: [●]

### 6 [RPI Linked only — PERFORMANCE OF INDEX AND OTHER INFORMATION CONCERNING THE UNDERLYING]

Information relating to the UK Retail Price Index (all items) published by the Office of National Statistics can be found at [www.statistics.gov.uk](http://www.statistics.gov.uk).]

### 7 OPERATIONAL INFORMATION

ISIN:	[•]
Common Code:	[•]
Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s):	[Not Applicable/[•]] [The Notes will also be made eligible for CREST via the issue of CDIs representing the Notes.]
Delivery:	Delivery [against/free of] payment
Names and addresses of additional Paying Agent(s) (if any):	[•]
Prohibition of Sales to EEA Retail Investors:	[Applicable]/[Not Applicable] <i>(If the Notes clearly do not constitute “packaged” products, or the Notes do constitute “packaged” products and a key information document will be prepared in the EEA, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no key information document will be prepared in the EEA, “Applicable” should be specified.)</i>
Prohibition of Sales to UK Retail Investors:	[Applicable]/[Not Applicable] <i>(If the Notes clearly do not constitute “packaged” products, or the Notes do constitute “packaged” products and a key information document will be prepared in the UK, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no key information document will be prepared in the UK, “Applicable” should be specified.)</i>
[Financial intermediaries (if any) authorised to use the Prospectus and these Final Terms:]	[Give names] <i>(where an offer is made reliant on paragraph 6(a) of Schedule 1 to the POATRs, give names of authorised financial intermediaries)</i>

## FORM OF FINAL TERMS FOR SUBORDINATED NOTES

*The form of Final Terms that will be issued in respect of each Tranche, subject only to the deletion of non-applicable provisions, is set out below:*

**Final Terms dated [●]**

**SSE plc**

**Legal entity identifier (LEI): 549300KI75VYLLMSK856**

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]**

**under the €20,000,000,000**

**Euro Medium Term Note Programme**

### **PART A — CONTRACTUAL TERMS**

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** - The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “**IDD**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold, distributed or otherwise made available to and should not be offered, sold, distributed or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is either one (or both) of the following: (i) not a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 (as amended, the “**EUWA**”) or (ii) not a qualified investor as defined in paragraph 15 of Schedule 1 to the Public Offers and Admissions to Trading Regulations 2024 (“**POATRs**”). Consequently, no disclosure document required by the FCA Product Disclosure Sourcebook (“**DISC**”), for offering, selling or distributing the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering, selling or distributing the Notes or otherwise making them available to any retail investor in the UK may be unlawful under DISC and the Consumer Composite Investment (Designated Activities) Regulations 2024).

**[MiFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

**[UK MiFIR product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“**COBS**”), and professional clients, as defined in Regulation EU No 600/2014 as it forms part of domestic law of the UK by virtue of the EUWA (“**UK MiFIR**”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently

offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Subordinated Notes (the “**Conditions**”) set forth in the Prospectus dated 1 June 2026 [and the supplemental Prospectus dated [●]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Rules: Admission to Trading on a Regulated Market sourcebook (“**PRM**”). This document constitutes the Final Terms of the Notes described herein for the purposes of the PRM and must be read in conjunction with such Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus [as so supplemented]. The Prospectus [and the supplemental Prospectus] [is] [are] available for viewing at the website of the London Stock Exchange <http://londonstockexchange.com/exchange/news/market-news/market-news-home.html> and during normal business hours copies may be obtained from [●].

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Subordinated Notes (the “**Conditions**”) set forth in the Prospectus dated [original date] [and the supplemental Prospectus dated [●]] and incorporated by reference into the Prospectus dated 1 June 2026. This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Rules: Admission to Trading on a Regulated Market sourcebook (“**PRM**”) and must be read in conjunction with the Prospectus dated 1 June 2026 [and the supplemental Prospectus dated [●]], which [together] constitute[s] a base prospectus for the purposes of the PRM, save in respect of the Conditions which are extracted from the Prospectus dated [original date] [and the supplemental Prospectus(es) to it dated [●]]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus [as so supplemented]. The Prospectuses [and the supplemental Prospectuses] are available for viewing at the website of the London Stock Exchange <http://londonstockexchange.com/exchange/news/market-news/market-news-home.html> during normal business hours copies may be obtained from [●].

1	Issuer:	SSE plc
2	Status:	Subordinated Notes
3	(i) [Series Number:]	[●]
	(ii) [Tranche Number:]	[●]
4	Specified Currency:	[Euro][Sterling]
5	Aggregate Nominal Amount of Notes:	[●]
	(i) [Series:]	[●]
	(ii) [Tranche:]	[●]
	(iii) [Date on which the Notes become fungible:]	Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with [●] on [●]/the Issue Date/ exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 20 below [which is expected to occur on or about [●]].]
6	Issue Price:	[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [●]]

- 7 (i) Specified Denominations: [●] [and integral multiples of [●] in excess thereof up to and including [●]. [No notes in definitive form will be issued with a denomination above [●]]
- (ii) Calculation Amount: [●]
- 8 (i) Trade Date: [●]
- (ii) Issue Date: [●]
- (iii) Interest Commencement Date: [[●]/Issue Date/Not Applicable]
- 9 Maturity Date: Not Applicable
- 10 Interest Basis: Reset Rate  
(see paragraph 13 below)
- 11 Call Options: [Call Option]  
[Clean-Up Call]  
(see paragraph(s) 14 [and 15] below)
- 12 [[Date [Board] approval for issuance of [●] [and [●], respectively]]  
Notes obtained:]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

- 13 Reset Rate Note Provisions: Applicable
- (i) Initial Rate of Interest: [●] per cent. per annum payable [annually/semi annually/quarterly] in arrear on each Interest Payment Date[. There will be a [short]/[long] first coupon from and including [ ] to but excluding [ ]]
- (ii) Interest Payment Date(s): [●] in each year
- (iii) First Margin: [+/-][●] per cent. per annum in the First Reset Period
- (iv) Subsequent Margin[s]: [+/-][●] per cent. per annum in the Subsequent Reset Period from (and including) [●] to (but excluding) [●] [and [+/-][●] per cent. per annum in the Subsequent Reset Period from (and including) [●] to (but excluding) [●]]/[Not Applicable]
- (v) Minimum Rate of Interest: [[●] per cent. per annum]/[Not Applicable]
- (vi) Maximum Rate of Interest: [[●] per cent. per annum]/[Not Applicable]
- (vii) Change of Control Step-Up Margin: [●] per cent. per annum
- (viii) Fixed Coupon Amount: [●] per Calculation Amount [(applicable to the Notes in definitive form) and [●] per outstanding Nominal Amount of the Notes (applicable to the Notes in global form)], payable on each Interest Payment Date up to (and including) the First Reset Date[, except for the Interest Payment Date falling on [ ]]
- (ix) Broken Amount(s): [●] per Calculation Amount [(applicable to the Notes in definitive form) and [●] per outstanding Nominal Amount of the Notes (applicable to the Notes in global form)], payable on the Interest Payment Date falling on [●]
- (x) First Reset Date: [●]
- (xi) Subsequent Reset Date[s]: [●]
- (xii) Reset Determination Date[s]: [[●]]/[Not Applicable]

(xiii) Reset Rate:	[[semi-annual][annualised][Mid-Swap Rate]][Benchmark Gilt Rate]
(xiv) First Reset Period Fallback:	[•]
(xv) Benchmark Frequency:	[•]
(xvi) Mid-Swap Screen Page:	[•]
(xvii) Day Count Fraction:	[Actual/Actual]/[Actual/Actual - ISDA]/[Actual/365 (Fixed)]/[Actual/360]/[30/360]/[360/360]/[Bond Basis]/[30E/360]/[Eurobond Basis]/[30E/360 (ISDA)]/[Actual/Actual-ICMA]
(xviii) Floating Leg:	[6-month EURIBOR rate calculated on a [Actual/360] day count basis]/[Not Applicable]
(xix) Determination Date(s):	[[•] in each year]/[Not Applicable]
(xx) Calculation Agent (if not the Agent):	[•]/[Not Applicable]

#### PROVISIONS RELATING TO REDEMPTION

14 Call Option:	[Applicable/Not Applicable]
(i) [Optional Redemption Date(s):	[•]
(ii) Optional Redemption Amount (Issuer Call):	[•] per Calculation Amount
(iii) Notice period (if other than as set out in the Conditions):]	[•]
15 Clean-Up Call:	[Applicable/Not Applicable]
(i) [Clean-Up Call Optional Redemption Amount:	[•] per Calculation Amount
(ii) Clean-Up Call Threshold Percentage:]	[75]/[•] per cent.
16 Early Redemption Amount (Tax):	[•] per Calculation Amount [before [ ] and [ ] per Calculation Amount after [ ]]
17 Early Redemption Amount (Rating):	[•] per Calculation Amount [before [ ] and [ ] per Calculation Amount after [ ]]
18 Early Redemption Amount (Accounting):	[•] per Calculation Amount [before [ ] and [ ] per Calculation Amount after [ ]]
19 Early Redemption Amount (Change of Control):	[•] per Calculation Amount

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

20 Form of Notes:	Bearer Notes  [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]  [Temporary Global Note exchangeable for Definitive Notes on [•] days' notice]  [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
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- |    |   |  |
|----|---|--|
|    |   | [Registered Note]  |
| 21 | New Global Note intended to be held in a manner which would allow Eurosystem eligibility: | No<br>Whilst the designation is specified as “No” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,)] <i>[include this text for registered notes]</i> . Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met. |
| 22 | Financial Centre(s):  | [Not Applicable/[●]]   |
| 23 | Talons for future Coupons to be attached to Definitive Notes:                             | [No/Yes. As the Notes have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made.] <sup>22</sup>  |
| 24 | U.S. Selling Restrictions:  | [Reg. S Compliance Category 2; C RULES/ D RULES/ TEFRA not applicable]   |

**THIRD PARTY INFORMATION**

[[●] has been extracted from [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By: .....  
Duly authorised

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<sup>22</sup> Select “Yes” only required for Notes in Bearer form.

## PART B—OTHER INFORMATION

### 1 LISTING

- (i) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Main Market of the London Stock Exchange plc and admitted to the Official List of the FCA with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Main Market of the London Stock Exchange plc and admitted to the Official List of the FCA with effect from [●].]
- (ii) Estimate of total expenses related to [●] admission to trading: [●]

### 2 RATINGS

- Ratings: [[The Notes to be issued [have been/are expected to be] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]]:  
[[Moody’s Investors Service Limited: [●]  
[S&P Global Ratings UK Limited: [●]  
[Fitch Ratings Ltd]]  
*[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*  
*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

### 3 [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER]

["Save as discussed in ["Subscription and Sale"], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."]

### 4 YIELD

- Indication of yield: [●] to the First Reset Date  
The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

### 5 [USE OF PROCEEDS]

- Use of Proceeds: [General corporate purposes/To [[finance] [or] [refinance]] Eligible Green Projects]  
*(See "Use of Proceeds" wording in Prospectus)*
- Estimated net proceeds: [●]

### 6 PARITY OBLIGATIONS

*As at the date of these Final Terms Parity Obligations include the Issuer's [●]*

## 7 OPERATIONAL INFORMATION

ISIN: [•]

Common Code: [•]

Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): [Not Applicable/[•]]

Delivery: Delivery [against/free of] payment

Names and addresses of additional Paying Agent(s) (if any): [•]

Prohibition of Sales to EEA Retail Investors: Applicable

Prohibition of Sales to UK Retail Investors: Applicable

## 8 REPLACEMENT LANGUAGE

*[The following paragraphs do not form part of the terms and conditions of the Notes.]*

*The Issuer intends (without thereby assuming a legal obligation) that it will (but is not obliged to) redeem or repurchase the Notes only to the extent that the Notes are replaced with instrument(s) which provide at least an equivalent quantum of "equity credit" (or such other nomenclature), unless:*

- (i) *the Notes are redeemed pursuant to an Accounting Event, a Capital Event, a Tax Deductibility Event, a Withholding Tax Event, or a Change of Control Event having occurred; or*
- (ii) *such redemption or repurchase is made in any other circumstance where redemption or repurchase without replacement is consistent with rating agencies' assessment criteria.*

*[Provide any alternative replacement intention, or none]*

## GENERAL INFORMATION

- (1) The listing of the Notes on the Official List will be expressed as a percentage of their nominal amount (exclusive of accrued interest). It is expected that each Tranche of the Notes which is to be admitted to the Official List and to trading on the Market will be admitted separately as and when issued, subject only to the issue of a temporary or permanent Global Note (or one or more Certificates) in respect of each Tranche. The listing of the Programme in respect of the Notes is expected to be granted on or before 3 June 2026. Transactions will normally be effected for delivery on the third working day after the day of the transaction.
- (2) Each Issuer has obtained all necessary consents, approvals and authorisations in the UK in connection with the establishment of the Programme. The update of the Programme was authorised by (a) resolutions of the SSE Audit Committee passed on 22 May 2026, (b) resolutions of the Board of Directors of SHEPD passed on 20 May 2026, (c) resolutions of the Board of Directors of SSEN Transmission passed on 14 May 2026 and (d) resolutions of the Board of Directors of SEPD passed on 20 May 2026, respectively.
- (3) There has been no significant change in the financial performance or financial position of (a) SSE or the SSE Group since the later of (i) 31 March 2026 and (ii) the end of the last period for which interim consolidated financial statements of SSE have been published or (b) SHEPD, SSEN Transmission or SEPD since 31 March 2025.

There has been no material adverse change in the prospects of (a) SSE or the SSE Group since 31 March 2026 or (b) SHEPD, SSEN Transmission or SEPD since 31 March 2025.

- (4) There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which SSE, SHEPD, SSEN Transmission or SEPD (as the case may be) is aware) involving (a) SSE or any of its subsidiaries or (b) SHEPD, SSEN Transmission or SEPD during the 12 months preceding the date of this Prospectus which may have or has had in the recent past significant effects on the financial position or profitability of SSE and/or its subsidiaries or SHEPD, SSEN Transmission or SEPD (as applicable).
- (5) Each Bearer Note having a maturity of more than one year, and any Coupon or Talon with respect to such Bearer Note will bear the following legend: “Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code”.
- (6) Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records). The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the applicable Final Terms.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg.

Interests in the Senior Notes may also be held through CREST through the issuance of CDIs representing the Underlying Notes.

- (7) The address of CREST is Euroclear UK & Ireland, 33 Cannon Street, London EC4M 5SB, United Kingdom. The Legal Entity Identifier code of:
  - SSE plc is 549300KI75VYLLMSK856;
  - Scottish Hydro Electric Power Distribution plc is 549300OPROMBN0FGNC34;
  - Scottish Hydro Electric Transmission plc is 549300ECJZDA7203MK64; and
  - Southern Electric Power Distribution plc is 549300SR1GYYNBZQGX56.

- (8) The website of the Issuer is <https://www.sse.com/>. The information on <https://www.sse.com/> does not form part of this Prospectus, except where that information has been incorporated by reference into this Prospectus.
- (9) For a period of 12 months following the date of this Prospectus, copies of the following documents will be available on the website of SSE at <https://sse.com/investors/>:
- (i) the Trust Deed (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons and the Talons);
  - (ii) the Agency Agreement;
  - (iii) the Memorandum and Articles of Association of each Issuer;
  - (iv) the audited consolidated financial statements of SSE for the financial years ended 31 March 2025 and 31 March 2026, respectively, and the audited financial statements of SHEPD, SSEN Transmission and SEPD for the financial years ended 31 March 2024 and 31 March 2025, respectively;
  - (v) each Final Terms;
  - (vi) a copy of this Prospectus together with any supplement to this Prospectus or further Prospectus; and
  - (vii) all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in this Prospectus.

The Prospectus is and, the Final Terms for Notes that are listed on the Official List and admitted to trading on the Market will be, published on the website of the London Stock Exchange at <http://www.londonstockexchange.com>.

- (10) Ernst & Young LLP are the statutory auditors of SSE, SHEPD, SSEN Transmission and SEPD and rendered unqualified audit reports on (i) the consolidated financial statements of SSE for the financial years ended 31 March 2026 and 31 March 2025 and (ii) the financial statements of each of SHEPD, SSEN Transmission and SEPD for the financial years ended 31 March 2024 and 31 March 2025. Ernst & Young LLP, whose registered office is 1 More London Place, London, SE1 2AF, are registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.
- (11) The Issuers do not intend to provide any post-issuance information in relation to any issues of Notes.
- (12) Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for any of the Issuers, and/or their affiliates in the ordinary course of business. Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of any of the Issuers and/or their affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of any the Issuers or the Issuers' affiliates. Certain of the Dealers or their affiliates that have a lending relationship with any of the Issuers routinely hedge their credit exposure to that Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make

investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

## REGISTERED OFFICES OF THE ISSUERS

**SSE plc**  
Inveralmond House  
200 Dunkeld Road  
Perth PH1 3AQ

**Scottish Hydro Electric Power Distribution plc**  
Inveralmond House  
200 Dunkeld Road  
Perth PH1 3AQ

**Scottish Hydro Electric Transmission plc**  
Inveralmond House  
200 Dunkeld Road  
Perth PH1 3AQ

**Southern Electric Power Distribution plc**  
No. 1 Forbury Place  
43 Forbury Road  
Reading  
Berkshire RG1 3JH

## ARRANGER

**NatWest Markets Plc**  
250 Bishopsgate  
London EC2M 4AA

## DEALERS

**Banco Bilbao Vizcaya Argentaria, S.A.**  
Ciudad BBVA  
C/ Saucedo, 28  
Edificio Asia - 1st Floor  
28050, Madrid  
Spain

**Banco Santander, S.A.**  
Ciudad Grupo Santander Edificio Encinar  
Avenida de Cantabria s/n  
28660 Boadilla de Monte  
Madrid  
Spain

**Bank of China Limited, London Branch**  
1 Lothbury  
London EC2R 7DB

**Barclays Bank PLC**  
1 Churchill Place  
London, E14 5HP

**BNP PARIBAS**  
16, boulevard des Italiens  
75009 Paris  
France

**Crédit Agricole Corporate and Investment Bank**  
12, place des Etats-Unis  
CS 70052  
92547 Montrouge Cedex  
France

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ

**J.P. Morgan Securities plc**  
25 Bank Street  
Canary Wharf  
London E14 5JP

**Lloyds Bank Corporate Markets plc**

33 Old Broad Street,  
London EC2N 1HZ

**Merrill Lynch International**

2 King Edward Street  
London EC1A 1HQ

**Mizuho International plc**

30 Old Bailey  
London EC4M 7AU

**Morgan Stanley & Co. International plc**

25 Cabot Square  
Canary Wharf  
London E14 4QA

**MUFG Securities EMEA plc**

Ropemaker Place  
25 Ropemaker Street  
London EC2Y 9AJ

**NatWest Markets Plc**

250 Bishopsgate  
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