

PRINCIPAL PARTNER
**UN CLIMATE
CHANGE
CONFERENCE
UK 2021**
IN PARTNERSHIP WITH ITALY

DRIVING INCLUSION, **POWERING CHANGE**

SSE's Inclusion and Diversity
Report 2022



ABOUT SSE

SSE is a UK-listed energy company headquartered in Perth, Scotland, and is a major contributor to the economies in the UK and Ireland. It is a leading generator of renewable electricity, with its thermal assets complementing a transition to a low carbon future, and is one of the largest electricity network companies in the UK, consisting of SSEN Transmission and SSEN Distribution. SSE's strategy is to create value for shareholders and society in a sustainable way by providing energy needed today while building a better world of energy for tomorrow. To do this, it develops, builds, operates and invests in low-carbon infrastructure in support of the transition to net zero, including onshore and offshore wind, hydro power, flexible thermal plant, electricity transmission and distribution networks, localised energy systems alongside providing energy products and services to customers. SSE's ambitions for the development of renewable energy now extend beyond the UK and Ireland to carefully selected international markets, including East Asia, mainland Europe and North America.

For more detail about SSE's strategy and its business activities, see [sse.com](https://www.sse.com).

ALIGNING BUSINESS AND SOCIAL OBJECTIVES

SSE has set four core 2030 business goals directly linked to the four UN Sustainable Development Goals (SDGs) most material to its business.



SSE's 2030 Goals address climate change at their core and provide important milestones on the journey to net zero, placing sustainability firmly at the heart of SSE's business strategy.

In recognition that the way in which net zero is reached is also important, one of SSE's 2030 Goals is to 'Champion a fair and just energy transition'. Inclusion and Diversity is an important element of this goal, as a workforce needs to be diverse and inclusive in order to provide fair work.

ABOUT THIS REPORT

Reflecting its increased strategic focus on driving greater inclusion and diversity across the business and supply chain, this is SSE's most comprehensive Inclusion and Diversity Report, providing detailed information on SSE's Inclusion and Diversity Strategy, progress made, and key performance indicators for 2021/22 (which covers the period 1 April 2021 - 31 March 2022). Transparent reporting is a key component of improving inclusion and diversity and allows SSE to share learnings, as well as gain feedback from key stakeholders.

SSE has consistently engaged in the Hampton-Alexander Review (now FTSE Women Leaders Review) and the Parker Review, and reported in line with the UK Corporate Governance Code (via the Listing Rules), the relevant Disclosure Guidance and Transparency Rules, and the Companies Act 2006 on people matters. SSE discloses its UK gender pay gap according to the UK gender pay gap legislation, and voluntarily discloses its Irish gender pay gap. This report provides additional transparency around SSE's gender pay gap data, KPIs, and initiatives to reduce the gap and create a more inclusive culture that attracts and retains a diverse workforce. SSE welcomes feedback on this report and its approach to increasing inclusion and diversity. Please get in touch via sustainability@sse.com

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DRIVING INCLUSION, POWERING CHANGE

Foreword from SSE's CEO, Alistair Phillips-Davies

Achieving net zero quickly and efficiently means the energy industry must do things differently. A better world of energy needs innovative solutions that can only be delivered by a workforce with diverse perspectives, different experiences and new skills. SSE is determined to build an inclusive workplace that supports all employees, attracting and retaining the diverse workforce that will deliver a net zero energy system.

This report is the most comprehensive, inclusion and diversity report that SSE has published. It outlines the journey we've been on, how our approach to inclusion and diversity has developed, and some of the lessons we've learned along the way that are informing our focus in the years to come. It also details SSE's new Inclusion and Diversity Strategy, focused on four pillars which seek to ensure that the right ambitions, behaviours, and practices are embedded in the company, whilst ensuring that our employees' views are considered in all we do.

In delivering this Strategy, SSE recognises it must first start with stretching ambitions that drive the change needed. To hold us accountable in our progress towards these ambitions, transparency is paramount. And in support of achieving the best inclusion and diversity outcomes for everyone, collaboration with industry partners and others will help to influence wider change.

Stretching ambitions

SSE's new Inclusion and Diversity Strategy outlines stretching ambitions aimed at increasing the diversity of its workforce, through to the highest level of the organisation, to create a workforce that is more representative of the societies in which we operate.

Transparency

Given the effort our teams have made to make SSE a far more inclusive workplace, we hoped to have made greater progress by now in our diversity statistics, particularly at

the senior levels of management. Ingrained inequalities are proving stubborn to shift. Nevertheless, we have made important progress and performance, making us accountable to stakeholders for delivering what we have set out to achieve.

Our inclusion and diversity journey to date has not been flawless, and we still have a long way to go. But we have made important progress and we are committed to growing from learnings and feedback. We will continue to be open about the challenges our company faces, to stimulate conversation and debate around how we can build a more inclusive workforce.

Collaboration

The challenges we face are not unique to SSE and we continue to work with others in the industry, and beyond, to share insights and best practice. Our key partnerships to encourage greater inclusion and diversity are outlined in this report. Without these partners and their guidance, we could not have achieved the progress we have made so far.

I hope this report helps you better understand the work SSE is doing to drive greater inclusion and diversity in its workforce. Feedback on the content of this report is welcomed and encouraged. You can get in touch by contacting sustainability@sse.com.



Alistair Phillips-Davies

Alistair Phillips-Davies
Chief Executive

USEFUL INCLUSION AND DIVERSITY TERMS

Bringing everyone along on the inclusion and diversity journey requires key terms and phrases used in reporting to be accessible and understandable. Here is a guide to the key terms used in this report. See the Glossary on page 36 for the full list of terms used.

INCLUSION

An inclusive working environment is one in which everyone feels that they belong, that their contribution matters, and they are able to perform to their full potential, no matter their background, identity, or circumstances. It is about ensuring that everyone in society is represented, and that people's differences are valued, ensuring there are equal opportunities for everyone to thrive at work.

DIVERSITY

Diversity is understanding and recognising difference. A diverse workforce is one with a range of people from different backgrounds, ethnicities, races, cultures, accessibilities, sexual orientation, beliefs, ideologies and more. At SSE, the benefits that diversity brings are referred to as the four D's: greater Diversity leads to broader Debate, better Decisions, and better business Delivery.

RACE

Race is defined based on people's shared distinctive physical traits, such as skin, hair, eyes, and bone structure. Race and Ethnicity are a similar concept however ethnicity also includes cultural characteristics such as those outline in the definition below.

ETHNICITY

A broader concept than race which includes or combines nationality, citizenship, race, colour, language, ancestry, religion, and customs of dress or eating. SSE records data aligned to the 2011 Office for National Statistics (ONS) census ethnicity categories (see glossary on page 36 for full list).

LGBTQI+

LGBTQI+ stands for: lesbian, gay, bisexual, transgender, queer, and intersex with the + encompassing any sexual orientations or gender identities that do not correspond to heterosexuality.

STEM

STEM stands for: Science, Technology, Engineering and Mathematics, a term used to group together these academic disciplines.

ETHNIC MINORITY

Refers to racial and ethnic groups that make up a small proportion of the population of a particular country or group. Minority ethnic groups vary in each country.

UNDERREPRESENTED GROUP

Refers to a population of people who are insufficiently or inadequately represented compared to their actual proportion of the general population. Terms such as underrepresented ethnic groups, underrepresented communities, and underrepresented cultures are also used to describe these groups.

EQUALITY

Equality means ensuring that everyone has the same opportunities and receives the same treatment, resources, and support. Inequality is used to describe a lack of equality.

EQUITY

Equity recognises that individuals have different circumstances and may require different types of treatment, resources, and support. It is about giving people what they need, to make things fair, rather than giving everyone the same. This is not the same as equality, nor is it the same as inequality.



SSE'S WORKFORCE 2021/22

All employees

Total employee headcount:

10,754

(2021/20: 12,489)

Proportion of women:

28.8% (3,096)

(2021/20: 26.4%)

Proportion of men:

71.2% (7,658)

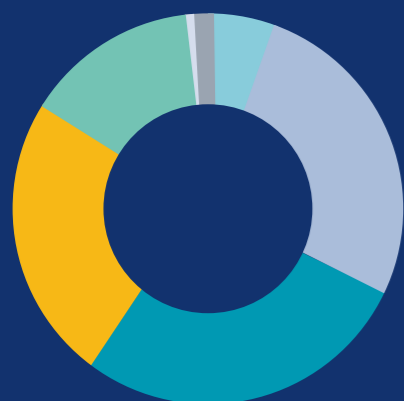
(2021/20: 73.6%)

Ambition of:

33%

of SSE's total workforce to be women by the end of 2030

Age breakdown of workforce



5.4% 16-24
26.4% 25-34
28.2% 35-44
23.7% 45-54
14.6% 55-64
1.6% 65-74
0.1% 75+

83%

of employees have the ability to work flexibly

1,300

employees in the belonging community groups

32%

of employees have disclosed their data on ethnicity (2020/21: 20%), sexual orientation (2020/21: 24%) and disability (2020/21: 20%)

Gender

Mean UK gender pay gap

13.2%

(2020/21: 16.5%)

Median UK gender pay gap

18.0%

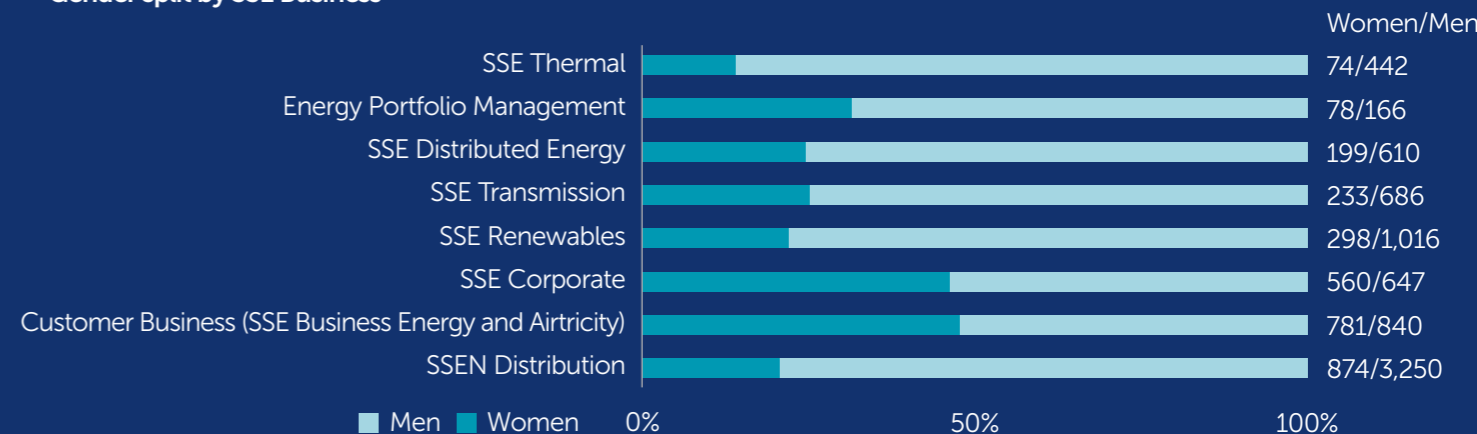
(2020/21: 18.3%)

89.6%

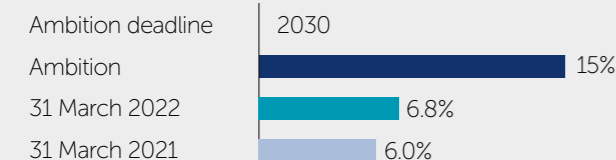
of women returned after maternity leave

See page 26-28 for details on SSE's gender pay gap

Gender split by SSE Business



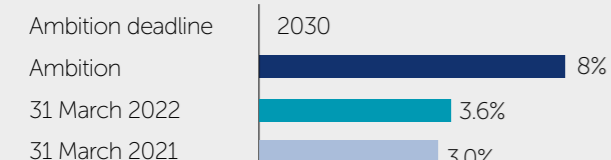
Ethnic minority



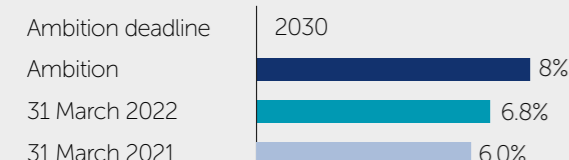
1%

Increase in ethnic minority candidates being hired into the Leadership Group²

LGBTQI+



Disability



2%

Increase in candidates with a disability being hired into the Leadership Group²

See page 17-18 for details on wider diversity disclosure and ambitions



SSE reached

50/50

split of women and men on the board for the first time

Women in Group Executive Committee

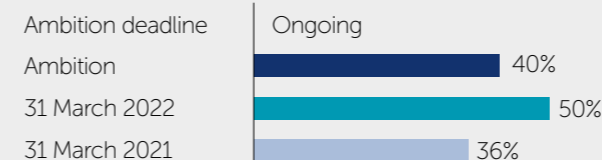
25%

(2020/21: 25%)

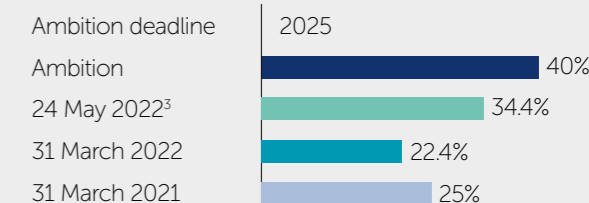
17%

Increase in women being hired into the Leadership Group²

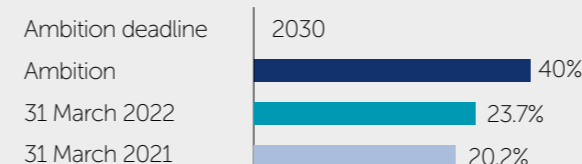
Women on the Board



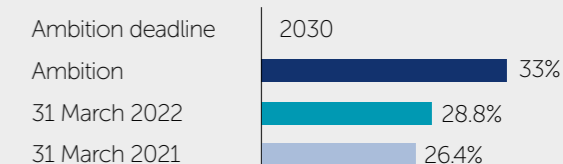
Women in the Group Executive Committee (GEC)¹ and direct reports (excl. administrative roles)



Women in the Leadership Group²



Women in the total workforce



See page 17-18 for ambitions and progress of gender balance in SSE's senior leadership

1. In the context of gender reporting, the GEC includes all members of the GEC and the Company Secretary. This is the definition of senior managers in SSE for the purposes of s414C(8)(c)(ii).
2. Employees in SSE's senior level pay grades.
3 24 May 2022 is the last practicable day for inclusion in the Annual Report 2022.

GOVERNANCE TO EMBED INCLUSION AND DIVERSITY

Robust governance is essential to the success of SSE's Inclusion and Diversity Strategy. SSE's governance structure ensures accountability and progress are driven from the highest levels of the business.

The SSE Group Inclusion and Diversity team create, deliver, and measure the success of the Inclusion and Diversity Strategy. A network of key business process owners, centres of excellence, business function leads, working groups, and external partners work in collaboration with the Inclusion and Diversity team to influence impactful change across the business. The Annual Incentive Plan (AIP) for SSE's Executive Directors is evaluated against several sustainability measures, including progress made against: SSE's 2030 goals, closing SSE's median UK gender pay gap, its Inclusion and Diversity Strategy, and Return on Inclusion. See page 187 of SSE's Annual Report 2022 for executive remuneration for 2021/22.



COLLABORATING FOR CHANGE WITH PARTNERS

SSE works with key partners to enable it to achieve inclusion and diversity progress that it would not be able to do alone. In addition, pledges and signatories enable SSE to demonstrate support for initiatives that are driving vital change to make the workplace more fair and inclusive.

Working with key partners to drive the agenda forward

SSE engages in meaningful partnerships to deliver its inclusion and diversity initiatives successfully. SSE collaborates with partners to gain knowledge of best practice and benefit from insights, as well as receiving advice and utilising experts to inform and test its inclusion and diversity approach. Partnerships help SSE set ambitions, make public commitments, and progress initiatives collaboratively. For more information see <https://www.sse.com/sustainability/partnerships-and-memberships/>



Driving accountability through pledges and signatories

SSE signs pledges and commitments to demonstrate its dedication to inclusion and diversity, set ambitions in alignment with external expectations, and to keep it accountable. See SSE's Social Mobility report at [sse.com/sustainability/reporting](https://www.sse.com/sustainability/reporting).



SSE'S INCLUSION AND DIVERSITY JOURNEY

SSE is intent on building a workplace that supports all employees and a workforce that is reflective of the communities in which it operates, by creating a more inclusive culture and increasing its diversity. It has had a formal programme of inclusion and diversity initiatives in place since 2014, with an overarching ambition to encourage diversity **IN** to SSE, support everyone to stay **ON**, and provide opportunities to progress **UP**. SSE's IN, ON, UP ambition is delivered through its Inclusion and Diversity Strategy and driven across all inclusion and diversity initiatives. Since 2014, SSE has invested in a series of interventions to build trust, internally and externally, and to drive change, many of which are still running today.

2014-2016: A focus on gender

SSE operates in an industry with a high number of male-dominated engineering and technical roles. Therefore, at the beginning of SSE's inclusion and diversity journey in 2014, the focus was on increasing the proportion of women across the business. Initiatives to drive the IN, ON, UP ambition aimed to remove the barriers that prevented women joining the industry, retaining them through offering inclusive working practices, and ensuring opportunities to progress were fair and transparent.



2015

- Personal Belief coaching introduced for Managing Directors
- SSE publishes a valuation of the human capital of its workforce

2016

- SSE starts reporting UK gender pay gap two years before legislation
- Flexible working and Inclusion and Diversity working groups introduced in SSE's businesses
- SSE wins Scottish HR Networks award for strategic people project of the year "valuing our people"
- SSE starts reporting to Hampton Alexander
- SSE wins the People Management accolade in PwC's Building Public Trust in Corporate Reporting Awards
- SSE begins reporting to Workforce Disclosure Index (WDI)

2017-2020: An action plan for wider inclusion

In 2017, building on the initiatives implemented to date, SSE completed, a then new, benchmarking exercise with inclusion experts, EA Inclusion, to ascertain the financial return to the business from every £1 invested in inclusion and diversity. The Return on Inclusion (ROI) tool supported SSE to review the impact of its investment in diversity initiatives and helped refine SSE's future investment decisions in inclusive practices.

Since 2017, SSE's inclusion and diversity Return on Inclusion has increased by

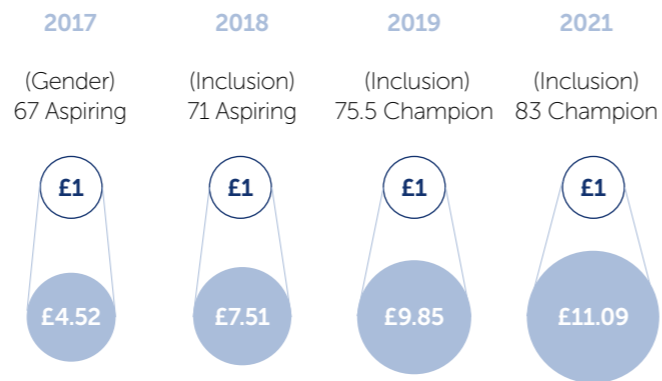
2.5x

The 2017 analysis showed that the greatest Return on Inclusion (£15 return for every £1 invested in inclusion initiatives) could be achieved, by 2020, if SSE refocused its strategy towards inclusion for all, focusing on ensuring policies and practices were inclusive beyond gender. This led to a shift in SSE's Inclusion and Diversity Strategy for the next three years. The IN, ON, UP ambition remained central to the approach but its focus was broadened to improve representation of different ethnicities, sexual orientation, and disabilities, alongside gender, within SSE's workforce. The Strategy sought to ensure inclusive processes, behaviours, and measurement were in place to achieve the IN, ON, UP ambition and work involved a review of all people processes, policies and practices, requiring a number of process owners across the business to support delivery.

SSE has continued to run the Return on Inclusion analysis each year to measure progress of its Inclusion and Diversity Strategy. Encouragingly, SSE has now reached the highest level of accreditation, 'Champion level', with a Return on Inclusion of £11.09 for every £1 invested, an increase of 145% since 2017, and is continuing to aim for £15 per £1 ROI as estimated by EA Inclusion. This evidences that inclusion and diversity is being increasingly embedded and driven throughout all aspects of SSE, with diversity data tracking progress of underrepresented groups. See page 17 for the methodology of the Return on Inclusion tool.

Return on Inclusion 2017-2021

For every £1 invested in inclusion SSE made the following return each year



*Remaining companies following the sale of Energy Services



INCLUSION AND DIVERSITY IS AN ESSENTIAL PART OF THE JUST TRANSITION

The innovative solutions required over the next decade and beyond will need a workforce with diverse perspectives, different experiences, and new skills. SSE recognises that boosting inclusion and diversity is an essential part of a fair and just transition to net zero, and has therefore included this within the 20 principles of its Just Transition Strategy, forming a core part of its business strategy.

SSE is working to attract people from

declining high-carbon sectors alongside increasing diversity and inclusion within its business, which is why initiatives aim to be broad and inclusive to everyone. For example, industry-specific experience has been removed from job adverts to attract a more diverse pool of talent in all senses, including high-carbon professionals, and those from diverse backgrounds. For more information on SSE's just transition approach, go to www.sse.com/sustainability/just-transition/



- SSE publishes its Valuing Difference report, introducing new ambitions and strategic plan for IN, ON, and UP
- Maternity, paternity and adoption leave were enhanced
- Gradual return offering for maternity and adoption leave introduced, which provides 100% pay for 80% working hours for 6 months when returning to work
- SSE included in Equileap Top 200 index for progress towards gender equality
- Teach First sponsorship starts
- Senior leadership gender balance ambitions set

2017

- SSE wins Utility Week Diversity Award
- SSE is included in the Bloomberg Gender Equality Index (GEI)
- SSE wins National Skills Academy award for Diversity and Inclusion

2018

- SSE joins the United Nations Global Compact (UNGC) UK Network's Diversity and Inclusion Working Group
- SSE becomes a member of Powerful Women
- Signed Armed Forces Covenant
- SSE joins the EUSkills Inclusion and Diversity forum
- SSE become a signatory to the Equal by 30 Campaign
- SSE's signs up to the Social Mobility Pledge

2019

- STEM Schools Outreach Strategy created
- Started STEM Returners Programme
- SSE publishes a Social Mobility Report
- Extended flexible working and carer support
- Awarded Armed Forces Covenant Bronze Award
- SSE publishes its first Just Transition Report

2020

SSE'S ENHANCED INCLUSION AND DIVERSITY STRATEGY (2021-2023)



The new 2021 Inclusion and Diversity Strategy builds on from the inclusion and diversity initiatives that have ran since 2014 to deliver the IN, ON, UP ambition. It focuses on inclusion for all by looking at the specific challenges of underrepresented groups and invests further in leadership development, to move from inclusion and diversity being a series of interventions to a culture change which is leadership led with inclusion embedded across all levels of the business. SSE is working towards becoming an employer of choice for all, ensuring every employee in the business understands the importance of diversity, creating a work environment that allows everybody to thrive, and providing support and a sense of belonging for everyone.

The Strategy involves four areas of focus: Ambition; Education and Development; Inclusive Processes; and Employee Voice. The new strategy relies on a collective effort and focus from SSE's leaders, and has been informed through collaborating with external partners, to identify opportunities for further improvement. It involves listening to underrepresented groups and employees' lived experiences, to help shape and influence the actions needed to drive positive change. Learnings from these initiatives will continue to develop the strategy further, over the next two years.

- Revised senior leadership gender ambitions set to align with FTSE Women Leaders Review
- United Nations Women's Empowerment Principles Gap analysis undertaken
- SSE becomes a signatory to the Business in The Community (BiTC) Workplace Inclusion Pledge; Elevate
- SSE wins the Scottish HR Network, Diversity and Inclusion of the year award
- Awarded Armed Forces Covenant Silver Award 2022
- SSE signs up to UN Women's Empowerment Principles
- SSE signs the Change the Race Ratio and BiTC Race at Work Charter
- SSE reports Ireland gender pay gap a year before legislation
- SSE reached a 50/50 gender split on its Board for the first time

2021



The 2021 Inclusion and Diversity Strategy pillars: SSE has developed four key areas of focus to deliver the IN, ON, UP ambition.

AMBITION

Setting measurable goals

Setting ambitions and KPIs, and using external benchmarking



EDUCATION AND DEVELOPMENT

Focusing on behaviours

Building leadership confidence and raising awareness for all to create an inclusive workplace



INCLUSIVE PROCESSES

Embedding best practice

Ensuring policies and processes are inclusive to support everyone



EMPLOYEE VOICE

Actively listening

Understanding what matters to employees to inform and shape the improvements needed



AMBITION: SETTING MEASURABLE GOALS

SSE has been tracking progress against a wide range of diversity metrics within the business since 2015, including the proportion of women, ethnic minority, disabled, and LGBTQI+ employees. Setting measurable ambitions that align with best practice enables SSE to work towards stretching ambitions and monitor its progress against these. SSE has used the measurement framework commissioned by the Royal Academy of Engineering to guide its reporting. This includes tracking against leadership, attraction and recruitment, retention, and progression.

Gender ambitions

SSE has simplified its gender reporting and set new stretching gender ambitions in 2021/22, approved by the Group Executive Committee (GEC) and Board-level Nomination Committee. This includes increasing the proportion of women within the GEC and Direct Reports to 40% by 2025, in line with the FTSE Women Leaders Review. In addition, SSE will increase female representation in its wider Leadership Group, which covers around 900 employees, to 40% by 2030, as well as a new ambition to increase overall female representation across the company to 33% by 2030. In 2021/22, the Board met its previous ambition of at least 33% female membership to be maintained on average over a 3 year period, with gender diversity reaching 50% female. From 1 April 2022 The Board commits to female representation of not less than 40%, with the aim to maintain as close to 50% male and female representation as possible on a rolling basis.

| Gender split of: | Year | Ambition | 24 May 2022 ³ % Female (Male/ Female headcount) | 31 March 2022 % Female (Male/ Female headcount) | 31 March 2021 % Female (Male/ Female headcount) |
|------------------------------------------------------------------|---------|--------------------------------------------------------------------|---------------------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|
| Board | Ongoing | No less than 40% female with an aim of as close to 50% as possible | - | 50% (6/6) | 36% (7/4) |
| Group Executive Committee (GEC) ¹ | - | - | 20% (8/2) | 25% (6/2) | 25% (6/2) |
| GEC ¹ and direct reports (excl. administrative roles) | 2025 | 40% female | 34.2% (52/27) | 22.4% (45/13) | 25% (39/13) |
| Leadership Group ² | 2030 | 40% female | - | 23.7% (681/212) | 20.2% (649/164) |
| All employees | 2030 | 33% female | - | 28.8% (7,658/3,096) | 26.4% (9,190/3,299) |

1 In the context of gender reporting, the GEC includes all members of the GEC and the Company Secretary. This is the definition of senior managers in SSE for the purposes of s414C(8)(c)(ii).

2 Employees in SSE's senior level pay grades.

3 24 May 2022 is the last practicable day for inclusion in the Annual Report 2022.

As at 31 March 2022, female representation across the Group Executive Committee and Direct Reports population (excluding administrative employees) was 22.4%. This represented a reduction from the 2020/21 level of 25% and was attributed to six men joining this population, whilst the number of women remained the same. Between 31 March and the last practicable day for inclusion in the 2022 Annual Report, 24 May 2022, a number of planned changes within the above group came into effect. These were the effective appointment of Catherine Raw as MD, Thermal as previously announced in February 2022; structural changes across the SSE Renewables Leadership Team following Stephen Wheeler's appointment as MD, SSE Renewables in January 2022; and the Director of HR and Director of Corporate Affairs and Strategy, becoming full members of the Group Executive from their previous positions of Regular Attendee. As a result, female representation in the GEC has decreased from 25% to 20%, but has risen across the Group Executive Committee and Direct Reports from 22.4% to 34.2%.

Wider diversity ambitions

Supplementing its externally disclosed gender ambitions, SSE tracks progress against a wider range of diversity metrics, including the proportion of ethnic minority, disabled and LGBTQI+ employees. Senior leaders have a quarterly focus on progress against broader internal inclusion and diversity ambitions. These metrics are reviewed by the GEC twice yearly and by the Board annually. SSE understands that transparency drives inclusion and diversity progress and for the first time is publishing its wider diversity data and ambitions for improvement in this report. It will continue to publish this information publicly on an annual basis.

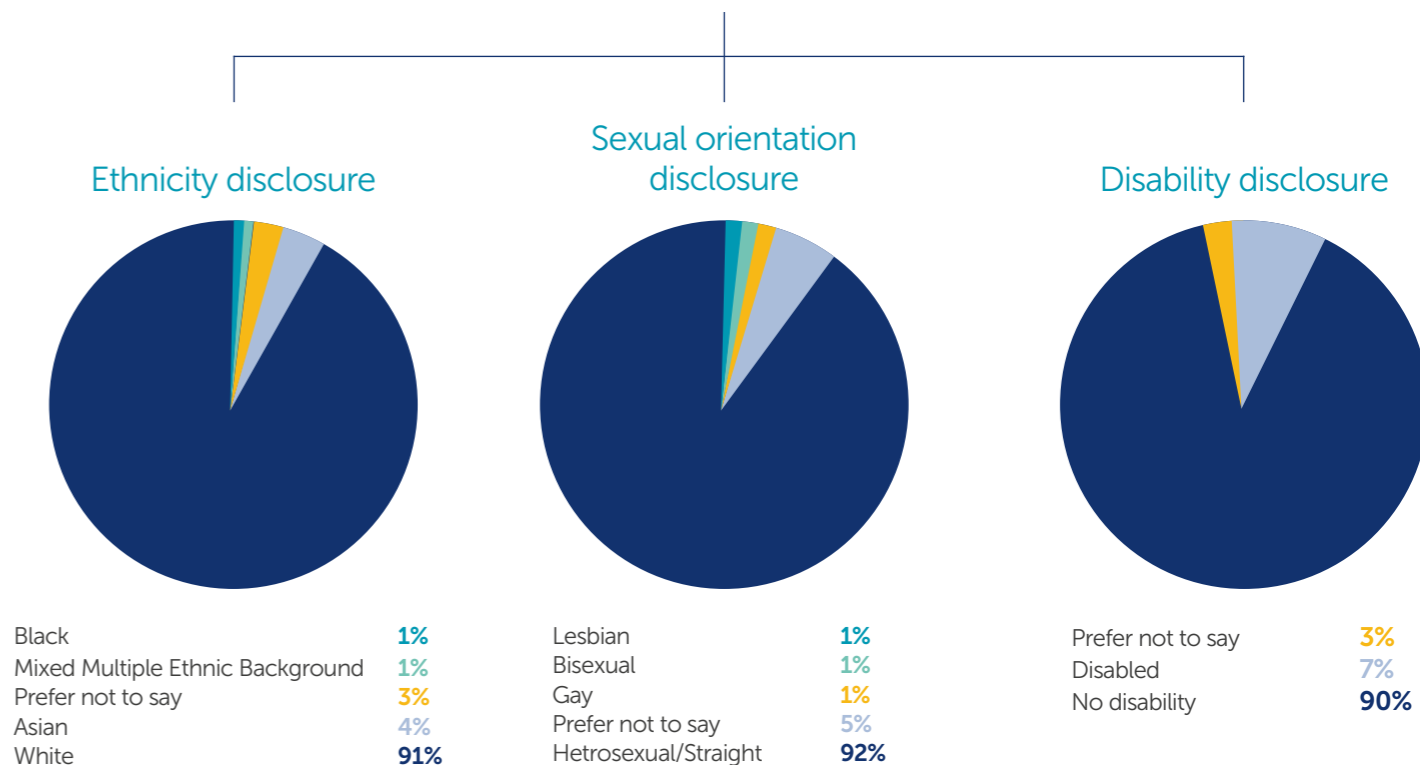
In 2021/22, SSE's disclosure rate for diversity metrics on ethnicity, sexual orientation, and disabilities were all 32% of the total employee population. This is an increase from 20%, 24%, and 20% respectively in 2020/21. SSE recognises it is essential to increase employees' voluntary disclosure of their diversity data in order to set ambitions, develop strategies, and gain learnings that will increase diversity within the business. To improve disclosure, SSE has focused on reassuring employees about confidentiality, including how their data will be used and stored, via informational videos and responding to frequently asked questions.

Although SSE's employee voluntary data disclosure rate requires further improvement, tracking diversity data to date has highlighted key improvement areas and is enabling SSE to run analysis, with an independent partner, on the conversion rates of ethnic minority candidates being offered roles, which aims to help identify how to increase success rates.

32%

of SSE's employees have voluntarily disclosed their ethnicity, sexual orientation, and disability data as of 31 March 2022 (2020/21: 20%, 24%, 20% respectively)

The below charts show the breakdown of diversity representation of this group




SSE's broader diversity ambitions were set internally in 2017, and were developed based on Office for National Statistics (ONS) data, information available on energy industry representation levels, and SSE's starting point. Over 2022/23, as refreshed census data becomes available, SSE's broader diversity ambitions will be reviewed. Encouraging employees to share their diversity data is a continued focus for the business, and will allow SSE to develop a more accurate view on representation.

Employee diversity profile and ambitions

The diversity across all of the key categories detailed in the table below have increased since 2020/21 year end. Half of the diversity categories (women and disability) are within 70% of the 2030 ambition.

| Diversity category | 2030 ambition | 31 March 2022 | 31 March 2021 |
|------------------------|---------------|---------------|---------------|
| Women | 33% | 28.8% | 26.4% |
| Disability | 8% | 6.8% | 6.0% |
| Ethnic minority | 15% | 6.3% | 6.0% |
| LGBTQI+ | 8% | 3.6% | 3.0% |

 Data is collected on SSE's HR data reporting system 'Harmony'. Gender has a 100% completion rate, and is based on biological sex. Disability, Ethnic Minority, and LGBTQI+ data is voluntarily disclosed by employees, with a 32% disclosure rate at 31 March 2022. Data excludes those without facility to share information on Harmony.

For information on SSE's gender pay gap, see page 26-28

Working with partners and using external benchmarking to set the ambition

SSE works closely with its partners learning from their expertise to help guide its inclusion and diversity approach and set stretching ambitions. In March 2022, on International Women's Day, SSE became the first UK-based energy company to become a signatory of the UN Women's Empowerment Principles (UN WEPs), following the completion of the UN WEPs gap analysis tool, in September 2021. The tool enabled better understanding of what more can be done to drive gender balance. SSE achieved a score of 64% and is classed as an "Achiever", amongst only 16% of participating companies globally (only 3% get to "Leader" level).

In support of

WOMEN'S EMPOWERMENT PRINCIPLES

Established by UN Women and the UN Global Compact Office

SSE was rated in the top

16%

of companies participating in the Women's Empowerment Principles tool globally

On Zero Tolerance Day, in February 2022, SSE announced its first employee-led Black and Ethnic Minority action plan and signed up to the [Business in the Community \(BiTC\) Race At Work Charter](#), demonstrating its commitment to ensuring minority ethnic groups are represented at all levels of the business. Through the Race At Work Charter SSE commits to seven key actions to improve equality of opportunity in the workplace, workplace, these are: appoint an Executive sponsor for race; capture ethnicity data and publicise progress; commit at board level to zero tolerance of harassment and bullying; make equity, diversity, and inclusion the responsibility of all leaders and managers; take action that supports Black, Asian, Mixed Race, and other ethnically diverse employees career progression; support race inclusion allies in the workplace; include Black, Asian, Mixed Race and other ethnically diverse-led enterprise owners in supply chains. SSE also commits to the [Change the Race Ratio](#) led by senior leaders from a range of industries, which involves four commitments for SSE to improve racial and ethnic diversity at a senior level, these include: increase racial and ethnic diversity among Board members; increase

racial and ethnic diversity in senior leadership; be transparent on targets and actions; create an inclusive culture in which talent from all diversities can thrive.



In addition to working with partners, SSE considers external benchmarking when setting ambitions. These include the FTSE Women Leaders Review (which replaced Hampton Alexander), the Workforce Disclosure Initiative, the Bloomberg Gender Equality Index, and the UN Women's Empowerment Principles gap analysis tool. SSE will continue to work with external partners and benchmarking over the next two years to identify the ambitions and metrics to drive improvement. See page 32 for details on SSE's alignment to reporting requirements.



EDUCATION AND DEVELOPMENT: FOCUS ON BEHAVIOURS

Raising awareness of the importance of inclusion and diversity to all employees is essential for creating an inclusive workplace. SSE is working to ensure everyone has an understanding of what inclusion and diversity means at SSE, and how they can help to drive positive change. To ignite behaviour change, SSE has three areas of focus that benefit both the business and the wider sector: developing leadership to drive inclusion from the top, creating an inclusive culture through employee education, and educational outreach to increase diversity in the sector.

Developing leadership to drive inclusion from the top Leadership Development is critical to delivering net zero at SSE, of which inclusion and diversity, play a significant part. Change must be driven from the highest levels of the business, therefore senior leadership commitment to inclusion and diversity is paramount, and SSE's leaders have a responsibility to build a culture of belonging for all. To support its senior leaders to do this, SSE invests in behavioural change initiatives and resources directly related to the needs of the senior leaders helping them develop their understanding of inclusion and diversity barriers and challenges, and the best practice solutions for these. For the Group Executive Committee this included a Truth to Power

session, where inclusion insights were presented, and includes the ongoing Igniting Inclusion programme (also delivered to Managing Directors and business unit Executive Committees) which focuses on applying key practices in the workplace. Managing Directors had access to Personal Belief Coaching historically which raised their awareness of, and strengthened their action plans for improving inclusion and diversity. In addition, Reverse Mentoring connected senior leaders with ethnic minority colleagues to understand the challenges they face in the workplace, and executive coaching, with Ashridge Business School, for a selection of senior women, helped them achieve personal leadership development goals.



DEVELOPING INCLUSIVE LEADERS

SSE launched its Igniting Inclusion Programme to support leaders learn more about key inclusion topics such as the Neuroscience of inclusion and diversity, Growth Mindsets and Psychological Safety. Starting with the Group Executive Committee, an innovative development solution was launched that recognised the need for consistent education on the key topics whilst enabling business units to adapt the knowledge to their existing Inclusion and Diversity Business Plans. Working with Ashridge Business School, SSE held in person and online development sessions for the Group Executive Committee. The same content was then cascaded to all senior business leaders, and conversations took place with business unit Executive Committees to facilitate how they would apply their knowledge of these topics to develop themselves as individual leaders, develop their teams, and develop their business units. An online intranet hosted content and resources to help with the cascade across the business and support has been provided for teams to work on these topics with trained facilitators. The development was successful with 98% agreeing that they had a better understanding of the topics and 96% stating that they feel more confident in applying their learnings. SSE plans to consult with senior leaders to shape phase two of Igniting Inclusion moving forward.

Key training subjects covered for senior leadership:

Neuroscience of Inclusion and Diversity

Learning what happens in the brain when people feel excluded, and how leaders and colleagues can prevent this.

Growth Mindsets

Learning how to identify strategies that focus on the potential to drive change.

Psychological Safety

Learning how inclusiveness allows people to feel safe to be their authentic selves, and how to create this in the workplace.

Creating an inclusive culture through employee education

SSE is training and developing employees' knowledge of inclusion and diversity to ensure that it's embedded in all that SSE does. This has been delivered through mandatory e-learning for all employees. Training also supported women to progress through the business via mentoring, role modelling senior women, and increasing the proportion of women on talent programmes to 40%. Inclusive training has been rolled out to hiring managers to drive inclusive recruitment, as well as issuing 'Building Capability' brochures which allow existing colleagues to learn about the range of opportunities for career development available to everyone at SSE.

Educational outreach to increase diversity in the sector

SSE works with external partners to increase the awareness of job opportunities in the utilities and energy sector to a diverse group of young people. The aim of this is to increase the number of diverse applicants applying to energy sector roles, by raising awareness of the opportunities and possible achievements. To drive this, SSE has been supporting diversity in schools through a Strategic Secondary School network in 25 priority locations, managed locally by 385 SSE STEM Leads, working with social mobility education partner, Teach First, to build a 'Just Transition' themed programme for Primary Schools throughout the UK and Republic of

Ireland. SSE has partnered with Career Ready since 2013, a Scottish charity working with young people aged 16-18. SSE currently has 47 mentors in total across the two-year programme and provide a four-week paid internship for all participants. In total since 2013, SSE has invested the equivalent of over £100,000 in salary costs to ensure each student experiences a worthwhile and valued internship. For more information on social mobility see SSE's impact on [social mobility Report](#).

385

SSE STEM volunteers supporting in schools



SSE has invested the equivalent of over

£100,000

In salary costs to ensure students have valuable internships since 2013

INCLUSIVE PROCESSES: EMBEDDING BEST PRACTICE

Developing robust policies and processes, to embed inclusion and diversity, ensures SSE creates a workplace that supports all current and future employees. SSE believes its improved diversity characteristics in 2021/22 (see page 18) was a result of embedding best practice into existing processes and routinely reporting on key drivers of inclusion. SSE is working with a number of key process owners across the business to integrate inclusion and diversity to create the foundations for an inclusive culture.

Driving inclusive recruitment

SSE has been reviewing processes to identify barriers to building an inclusive workplace and working with relevant process owners to make necessary changes. A key focus has been on recruitment practices, making adjustments that enable a more diverse range of people to apply, don't exclude any applicants, and actively seek out diverse candidates to drive awareness of SSE's opportunities. Examples of these process changes include adjusting job adverts to ensure the language is inclusive, including 'happy to talk flexible working' on all job adverts, focusing on essential skills and strength-based recruitment, swapping technical skills for transferable skills where possible, and working with specialist recruitment platforms, such as Disability Jobs, Black Young Professionals Network and more, that reach people with a wide range of backgrounds, skills, and requirements.

In March 2021, SSE launched a standalone Triple A accessible, inclusion and diversity focused career website (careers.sse.com), which promotes diverse employee profiles and communicates flexible working policies. SSE has been working with hiring managers to develop the skills required for diverse recruitment via hiring manager toolkits, building inclusive nudges into job profile templates

to allow them to implement training in their day-to-day roles, and track the inclusive hiring processes that are driving change at a senior level.

In addition SSE rolled out its STEM Returners scheme across its business following SSE Thermal's successful pilot last year. The scheme provides support for people returning to a STEM career after a career break, due to, for example, caring responsibilities.

Over 2021/22, metrics have improved with diverse short-lists increasing from 33% of roles in Q1 to 80% in Q4. Increasing the diversity of candidates in the selection process is the key enabler to hiring more diversity. The hiring profile of women in senior roles has improved from 15% in 2020/21 to 32% in 2021/22, and as a result the proportion of women in the leadership group has increased from 20.2% to 23.7%.

Women on pipeline programmes has also increased. For apprenticeships the representation of women has increased from 7% in 2020/21 to 11% in 2021/22, women on trainee engineer programmes has increased from 11% in 2020/21 to 21% in 2021/22, and women on graduate programme has increased from 23% in 2020/21 to 39% in 2021/22.

Hiring KPI's, implemented in 2021 to increase gender balance when hiring at a leadership group level

| | % Roles using diverse shortlists | % Roles using diverse recruit panels | % Hiring managers trained | % Roles openly posted | % Job adverts promoting flexible working |
|------------|----------------------------------|--------------------------------------|---------------------------|-----------------------|------------------------------------------|
| Q1 2021/22 | 33 | 41 | 58 | 92 | 98 |
| Q4 2021/22 | 80 | 99.5 | 96 | 97 | 100 |

Hiring progress within the Leadership Group* (2020/21 - 2021/22)

17%

increase in women being hired

2%

increase in candidates with a disability being hired

1%

increase in ethnic minority candidates being hired

*Leadership Group includes employees in senior level pay grades, a group of c900

Removing internal barriers

To improve processes and policies for existing employees SSE created Inclusion and Diversity working groups in each business unit to support group ambitions and the delivery of the local Inclusion and Diversity Plans. It introduced informal flexible working arrangements and the proportion of employees who have the ability to work differently across SSE has now increased from 36% in 2017 to 83% in 2021. SSE enhanced parental and adoption leave, which includes increased leave duration paid at full pay (maternity and adoption leave is 21 weeks, paternity leave is 2 weeks,) and the ability to work 80% of contractual hours for up to 6 months when returning to work, whilst still receiving full pay and benefits.

83%

of employees have the ability to work flexibly (2017: 36%)

89.6%

of women returned after maternity

Encouraging diversity in SSE's supply chain

SSE is committed to promoting inclusion and diversity throughout its supply chain, supporting businesses and people in the areas it operates by ensuring inclusion and diversity are part of the supplier selection process. SSE's Sustainable Procurement Strategy, underpinned by the Sustainable Procurement Code, includes expectations that suppliers will promote greater inclusion. The code and guidance will be updated over the next year with additional inclusion and diversity requirements. To drive informed decision making and enhanced supplier engagement, SSEN Transmission has been trialling the use of a supply chain data capture tool, created with Action Sustainability. The tool asks suppliers about local spend with minority owned companies (including women, LGBTQI+, and Black-owned). This is due to be rolled out with SSE Renewables in late 2022.

To improve collaboration within its supply chain, SSE has created the 'Powering Net Zero Pact'. This involves a number of SSE's strategic suppliers and aims to drive the just energy transition through collaboration, agreed goals, and sharing best practice. The pact has five ambition areas, five commitments and five areas of collaboration, including recognising the importance of greater inclusion and diversity, with targets publicly disclosed by 2025. See sse.com/sustainability/poweringnetzeropact

Supporting inclusion and diversity within the community

In 2021/22 SSE Renewables' community investment funds awarded £745,000 in 17 projects that drive inclusion and diversity, supporting communities close to renewables assets. These included £159,000 to the Rise Educational Programme in South Lanarkshire for Not in Education, Employment or Training (NEET) young people, a £36,000 fund to Stemette Futures to provide STEM courses for girls, and non-binary students, as well as £41,000 to Perth Autism Support SCIO (Scottish Charitable Incorporated Organisation), to deliver an employability programme for autistic young adults.

HELPING MIGRANT WOMEN COMMUNICATE TRANSFERABLE SKILLS TO ACCESS IRELAND'S JOB MARKET

In Ireland SSE ran the Knowledge Sharing Programme with support from Business in the Community, Ireland, to help migrant women living in Ireland secure a job that matched their skills and expertise. The women, from a range of backgrounds including Brazil and India, are highly qualified for engineering and environmental roles within energy companies. Since arriving in Ireland, due to recruiters and employers not being able to understand how their education and qualifications suit the Irish job market, they were missing out on relevant opportunities and accepting roles which did not match their capabilities.

To help these women obtain the right jobs, SSE took part in six sessions, across six weeks, with the participants, where colleagues across the business shared knowledge about the energy sector in Ireland on topics including: Irish energy policy; biodiversity; windfarm operations; and grid operations. SSE's Human Resources team gave advice on applying for roles and offered to review participant CV's to help them tailor their experience. In addition, members of Engineers Ireland provided advice on communicating overseas qualifications to Irish recruiters. The programme also provided the participants the opportunity to network and support each other. Subsequent to finishing the programme, four of the seven women have found employment in their fields, one as an engineer. The programme has been shortlisted for the PwC Business Post Sustainable Business Awards under the social and inclusion category.

MAKING THE WORLD OF WORK FAIR AND OPEN FOR ALL

SSE has been supporting the Barnardo's Works employability programme in Scotland since 2007, and in 2021/22 it launched the first English pilot in Reading. The programme enables young people aged 16-24, who are unemployed or on zero-hours contracts for more than six months, to apply for a six-month work placement with SSE. 300 young people have been supported by the programme to date, and approximately 70% of young people on the programme go on to full-time employment.



EMPLOYEE VOICE: ACTIVELY LISTENING

Listening to SSE’s employees helps to build trust, focus business priorities, and improve initiatives. It also helps employees feel valued, resulting in better job satisfaction and engagement, and increases opportunities for development. Over 2021/22 SSE has listened to employees on subjects such as sexual orientation, ethnicity, disability, chronic health, neurodiversity, and menopause and used this to drive inclusion and diversity forward by creating specific action plans that are supported by the ‘Belonging in SSE’ communities. Shadow boards offer employees the opportunity to bring new fresh thinking to existing business challenges.

Using the Great Place to Work Survey to learn from our employees

SSE collects voluntary data on the diversity of its workforce via the Great Place to Work survey. This provides an insight into employee sentiment around inclusivity at SSE, by asking questions around development opportunities, ability to speak up, psychological safety, identity at work, working culture, and manager support.

88%

of employees who completed the survey agreed that SSE’s workplace is inclusive (2019: 84%)

87%

of employees agreed that managers support inclusion and diversity at SSE (2019: 81%)

88%

of SSE employees feel like they can be their authentic selves at work (vs Energy and Utilities sector results of 76%, and UK average of 80%)

Belonging Communities provide support and feedback

SSE gains insight on employee voice through its ‘Belonging Communities’, launched in September 2020, which aim to bring people together across the organization. They encourage open and constructive employee-led discussion, promote the latest thinking by employees, offer peer support, and drive education. Regular monthly meetings share best practice and gain feedback and are attended bi-annually by Sue Bruce, the Board member responsible for employee engagement. In 2021/22, a targeted action plan was developed off the back of learnings from focus groups with the ‘Black and Ethnic Minority’, ‘Disability, Neurodiversity and Chronic Health’, and ‘LGBTQI+’ Belonging Communities, which assessed SSE’s performance compared to external best practice and identified opportunities for improvement. These were shared and agreed with the Managing Director sponsors and are available to all employees. In March 2022 just over 1,300 employees from across the organisation have joined the Belonging Communities.

SSE’s belonging communities:

- Menopause
- LGBTQI+
- Black and Ethnic Minority
- Working Parents
- Health and Wellbeing
- Disability, Neurodiversity and Chronic Health
- Armed Forces



PROVIDING SUPPORT THROUGH THE MENOPAUSE HUB SITE

The Menopause community holds regular menopause cafes, hosting external expert speakers on relevant topics from surgery induced menopause to peri-menopause. Sharing experiences and practical advice on managing this life change are providing support to this community, as well as offering an opportunity for SSE employees to learn more about menopause and how it can impact work. This has led to the creation of a Menopause Hub site available to all employees pointing people to useful resources like symptom checkers, free online masterclasses, and understanding menopause for men. A menopause guide for managers aims to give managers the tools and information to better support people in their team who are experiencing menopause.

“This Menopause Community is amazing, so supportive. The group creates a sense of belonging to a community of women who are understanding, accepting, and are experiencing similar challenges. It focuses on being the best we can be, at a time in our lives when both our physical and mental health is changing.”

SSE employee and member of the Menopause community.

CLOSING SSE'S GENDER PAY GAPS

SSE is committed to providing open and detailed information about its gender pay gap. In 2016, SSE became the first FTSE company to publicly disclose this information. 2022 is SSE's seventh year of reporting its UK gender pay gap, and its second year of voluntarily disclosing its Ireland gender pay gap. SSE is continuing to encourage employees to voluntarily disclose their ethnicity, sexual orientation, and disability data, and has increased disclosure rates between 20-24% in 2020/21 to 32% for all metrics in 2021/22 (see page 17 for more details), and aspires to report more pay gap information when it has enough data to do this meaningfully and anonymously.

WHAT IS THE GENDER PAY GAP?

The gender pay gap and how its calculated in the UK

The gender pay gap shows the difference between average earnings of all men and women in a company, across all departments and job roles. It is calculated by looking at the difference between average hourly earnings of male and female employees. Any employee receiving 100% of their pay on the snapshot date (5th April) is included in the calculation, this includes both full-time and part-time employees. Anyone receiving less than 100% of their pay, e.g., those on parental leave or long-term sick leave, on the snapshot date, are excluded to prevent the data being skewed by temporary circumstances.

The difference between pay gap and equal pay

The gender pay gap is calculated at a total company level and aims to understand gender balance in relation to high paying roles, tenure, recruitment, and progression, and reflects the differences in the types of roles that men and women are carrying out. Gender pay gap is not the difference in pay between men and women for doing the same job, this is referred to as equal pay. Equal pay is legally required under the Equal Pay Act 2010 and all companies must adhere to this. SSE has robust processes in place to review pay levels and job gradings, and carries out an annual review of performance ratings by gender. This ensures SSE has a fair and consistent approach to pay and performance for people of all genders and backgrounds.

UK gender pay gap 2022

Median gender pay gap:

18.0%

18.3% (2021)

Workforce gender balance:

71.2% Men / 28.8% Women

73.6% Men / 26.4% Women (2021)

Median bonus gender pay gap:

17.5%

14.5% (2021)

Mean gender pay gap:

13.2%

16.5% (2021)

Proportion of M/W receiving bonus Y-O-Y:

32.4% / 27.7%

33.5% / 28.3% (2021)

Mean bonus gender pay gap:

45.9%

45.0% (2021)

SSE reports against 11 individual legal entities in the UK, as well as the overall UK figures. At 5 April 2022, the SSE Group (UK) had a mean gender pay gap of 13.2% (2021: 16.5%) and a median gender pay gap of 18.0% (2021: 18.3%). While both the mean and median gender pay gap are the lowest since SSE began reporting in 2016, there is clearly more work to be done to close the pay gap.

The proportion of men and women receiving a bonus in 2022 has decreased. Nearly a third (32.4%) of men working for SSE in the UK on 5 April 2022 were eligible to a bonus (2021: 33.5%), compared to 27.7% of women (2021: 28.3%). SSE's median bonus gap has increased to 17.5% compared to 14.5% in 2021, and the mean bonus gap has increased from 45.9% in 2022 from 45.0% in 2021. Bonus applies to a sub-set of employees and by its nature will fluctuate year on-year subject to corporate, business, and personal performance. The main annual incentive arrangement accounts for around 60% of the total value of the bonus. A smaller and more senior population also participate in one or two of SSE's three longer term share arrangements which account for a further 25% of the overall value.

Gender parity can only be achieved if women make up an even proportion of roles at all levels in the organisation. At 5 April 2022, 28.8% of SSE's UK workforce of 10,754 people were women (2021: 26.4%). The increase in the representation of women is seen across all four quartiles, with the upper quartile (most senior quartile) increasing by 15%. SSE is continuing to implement the inclusion and diversity strategy outlined in this report, with a focus on improving the proportion of women at all levels in its business. Initiatives focus on bring more women, and wider diversity into the business, enabling them to stay on, and supporting them to progress up to senior levels.

SSE has determined two core reasons for its gender pay gap:

1. Low representation of women in senior and higher paid technical positions
2. Fewer women than men applying for roles across all levels of the business

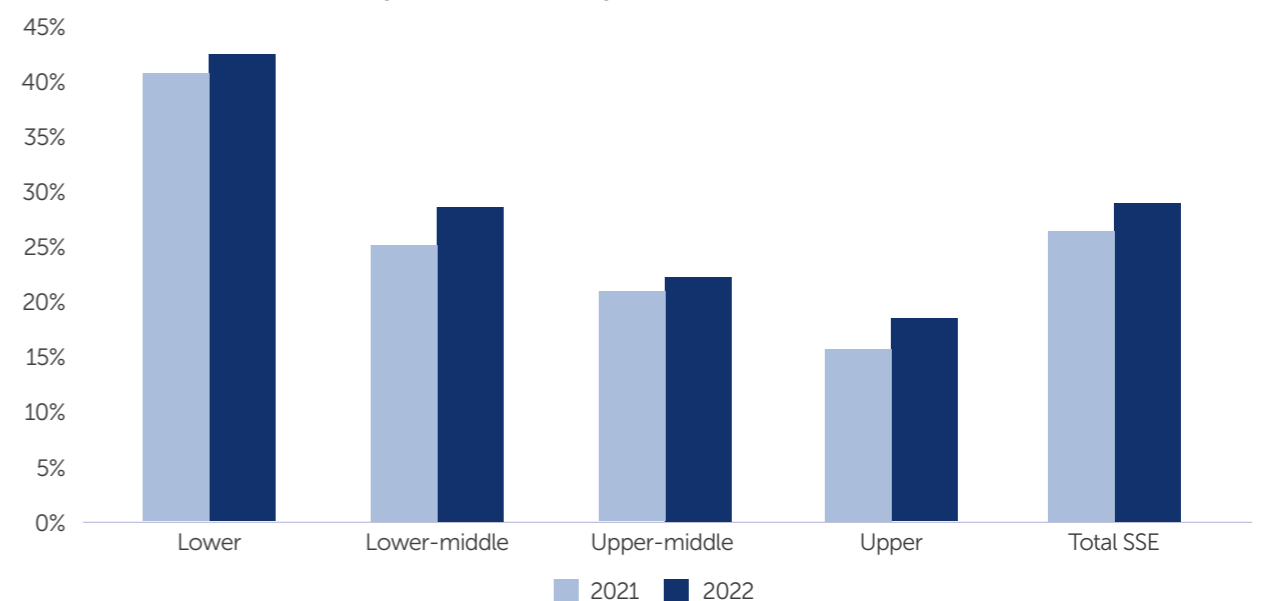
Currently there are more men than women in the marketplace that are trained for SSE's higher paid technical roles. This is due to a number of reasons, including historically the industry being male dominated, and there being barriers to women taking up STEM education and following this through to technical STEM careers. SSE works with STEM education, to encourage more young women into the industry (see page 21) and its STEM returners scheme, which enables women to return to STEM careers after a career break (see page 22). In addition, SSE is working to increase the proportion of women in its senior leadership, see page 16 for its ambitions and progress against these.

To ensure everyone at SSE is compensated fairly, SSE has moved to a new skills-based reward system, which will create a better opportunity for all employees to move through the pay scales as they acquire new skills.

In 2021/22, SSE has been working with KPMG to better understand its employee data and the causes of its gender pay gap. This will allow the company to focus its future efforts to reduce the gap. This work is ongoing, and SSE looks forward to reporting the findings.

The full breakdown of 2022 gender pay gap data for UK statutory reporting can be found on page 34.

Proportion of women per Quartile Y-O-Y (2021-2022)



Ireland gender pay gap 2022

Median gender pay gap:

25.6%
27.1% (2021)

Workforce gender balance:

62.8% Men / 37.2% Women
67.1% Men / 32.9% Women (2021)

Median bonus gender pay gap:

50.5%
49.0% (2021)

Mean gender pay gap:

18.4%
18.9% (2021)

Proportion of M/W receiving bonus Y-O-Y:

78.9% / 71.6%
67.8% / 70.7% (2021)

Mean bonus gender pay gap:

53.9%
62.4% (2021)

In 2021, for the first time and ahead of the Irish government releasing mandatory requirements for gender pay gap disclosure, SSE voluntarily published its Irish gender pay gap alongside its statutory UK disclosure. In the absence of mandatory requirements or a methodology from the Irish Government at the time, SSE calculated its 2021 Irish gender pay gap using the same methodology as UK statutory reporting requirements, based on a 5th April snapshot date. The figures disclosed in this report, and its Annual Report 2022 follow the same approach for 2022.

In May 2022, the Irish Government launched new mandatory requirements for calculating the gender pay gap in Ireland, which will require companies to use a June 2022 snapshot date and report this data publicly by December 2022. SSE will carry out the June analysis over the coming months and the data will be reported in line with stated December deadline.

At 5 April 2022, SSE Ireland had 745 employees, 37.2% of which are women. There is a balanced proportion of women in the lower quartile of 47%, however this reduces to 23% in the upper quartile. Similar to SSE UK, work needs to be done to increase gender balance across the business. SSE Ireland had a median gender pay gap of 25.6% and a mean gender pay gap of 18.4%. The large differential between the mean and median is due to a relatively high number of women in administrative and

customer service advisor roles, which typically are lower paid (which increases the median gender pay gap), but with a number of women at the most senior levels in the Irish business (which reduces the mean gender pay gap).

SSE Ireland had a median bonus gender pay gap of 50.5% and a mean bonus gender pay gap of 53.9%. The proportion of women receiving a bonus in 2022 is 71.6%, compared to 78.9% of men. Differences in the pay market between the UK and Ireland leads to a greater proportion of employees in Ireland receiving a performance-related bonus, compared to employees in the UK.

SSE is committed to creating an inclusive and diverse workforce across all its operations. For SSE Airtricity, part of SSE's business in Ireland, 100% of all roles are advertised as having the ability to work differently. As part of SSE Ireland's commitment to Business in the Community Ireland's Elevate Pledge, over 2021/22 SSE ensured that all Hiring Managers completed an inclusive recruitment upskilling programme to understand how to be consciously inclusive. The commitment over 2022/23 will be to collect social mobility data. SSE's Inclusion and Diversity Strategy includes its Irish business and details about how SSE are increasing the representation of diversity in its business can be found throughout this report. The full breakdown of 2022 gender pay gap data can be found on page 34.





LOOKING TO THE FUTURE

Businesses understanding of the importance of inclusion and diversity to society, employee wellbeing, and company success has evolved since SSE began its inclusion and diversity journey in 2014, and learnings are still moving at pace, more now than ever before. SSE is continuously working to improve its Inclusion and Diversity Strategy based on learnings, feedback, and emerging best practice. Throughout its journey SSE has run a number of inclusion and diversity initiatives, some with great success that are still running today, and others which the business has gained valuable learnings from. One purpose of this report is to be able to share these learnings so the benefits of SSE's experiences can go further. Three key areas SSE has found to be a great source of learning are:

- Tracking key diversity metrics, as this has enabled a deeper understanding of SSE's workforce and where improvement gaps lie;
- Engaging employees to raise awareness and educate, as this has improved the relevance and usefulness of inclusion and diversity resources made available for employees and has shaped content for training, and;
- Sharing accountability across the business, as this propels everyone to drive change.

SSE will continue learning from external best practice to develop new initiatives to help deliver its Inclusion and Diversity Strategy. Its areas of focus for inclusion and diversity, over the next year, are outlined below.



AMBITION

- Following a deep dive analysis with KPMG, which is currently being undertaken in 2022, SSE will focus on continuing to reduce its pay gaps, as well as increasing the percentage of employees that voluntarily disclose diversity data, to allow analysis and reporting to improve.
- Measuring inclusive leadership behaviour is a new area of focus and SSE is keen to work with external expertise and thought leaders that enable it to apply best practice to improve existing metrics and develop additional metrics in the future.



EDUCATION AND DEVELOPMENT

- SSE will continue to ensure accessibility, equity, and fairness is driven across all areas of the business, with a key focus on developing leadership through education.



INCLUSIVE PROCESSES

- Attracting a more diverse range of people into the business will be key, by increasing applications of diverse candidates.



EMPLOYEE VOICE

- SSE will continue to work with employees via the belonging communities, further developing action plans for greater impact.

REPORTING AND DISCLOSURE

SSE adopts a transparent approach to reporting and responds to both law and regulation, and voluntary initiatives when disclosing its position, progress and ambitions in relation to inclusion and diversity. It continues to welcome engagement with shareholders on the topic, with all views received considered in the context of SSE's inclusion and diversity strategy and plans.

The below table is non-exhaustive and outlines some of key elements of the framework in which SSE reports, alongside the location of the supporting disclosures.

Diversity reporting in ESG surveys

Investor and ESG surveys are increasingly requesting company's diversity data, with questions advancing each year. SSE submits to a number of investor surveys, benchmarks, and indices. SSE's disclosure is public and available to subscribing parties or on the relevant websites, including Bloomberg Gender Equality Index (GEI) and Workforce Disclosure Index (WDI). For details on SSE's latest scores and rankings please visit www.sse.com/sustainability/targets-and-performance/.

| Benchmark metric | Reported in | Requested by |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|
| 40% women's representation on the Board by end of 2025 | Annual Report 2022 page 118-123 and page 151 and sse.com/who-we-are/our-leadership | ● FTSE Women Leaders Review |
| 40% women's representation in leadership teams by end of 2025 | Annual Report 2022 page 65 and this report page 16 | ● FTSE Women Leaders Review |
| One in four of the most senior roles to be held by a woman by end of 2025 (Chair/Senior Independent Director, Chief Executive Officer/Financial Director) | Annual Report 2022 page 118-123 and page 151 and sse.com/who-we-are/our-leadership | ● FTSE Women Leaders Review |
| At least one director from a minority ethnic group on the Board by the end of 2021 | Annual Report 2022 page 118-123 and sse.com/who-we-are/our-leadership | ● Parker Review |
| Disclosure of the number of male and female Directors, senior managers, all employees, | Annual Report 2022 page 65 and this report page 16 Employee Policy see https://www.sse.com/sustainability/policies-and-assurances/ | ● Companies Act 2006 (s414C(8)(c)) ● UK Corporate Governance Code |
| The Company has a policy on inclusion and diversity, its objectives, link to company strategy, implementation, and progress | Board Diversity policy see Annual Report 2022 page 115 | ● UK Corporate Governance Code ● Listing Rules |
| UK Gender Pay Gap | Annual Report 2022 page 65 and this report page 34-35 | ● UK Government's UK Gender Pay Gap legislation |

Key: ● Framework ● Legislation and regulation



SSE GENDER PAY GAP BREAKDOWN

The below data shows SSE's gender pay gap for all eligible legal entities under the UK Government's gender pay gap reporting requirements, as well as voluntarily publication of its gender pay gap data for its Irish business. The below data is for the snapshot date 5 April 2022. For more information on SSE's gender pay gap, and an explanation of the methodology used for its Irish gender pay gap calculation see page 26-28 of this report.

| SSE Business Entity with 250 or more employees | Southern Electric Power Distribution pl | SSE Services plc | Scottish Hydro Electric Power Distribution Plc | SSE Energy Supply Ltd | Scottish Hydro Electric Transmission PLC | SSE Renewables Services Ltd | Scottish and Southern Energy Power Distribution Limited | Utility Solutions Ltd | SSE Renewables Services (UK) Ltd | TESGL Ltd | SSE Airtricity Energy Supply (NI) Limited | SSE Group (UK) | SSE ROI |
|--------------------------------------------------------------------------|-----------------------------------------|------------------|------------------------------------------------|-----------------------|------------------------------------------|-----------------------------|---------------------------------------------------------|-----------------------|----------------------------------|-------------|-------------------------------------------|--------------------|-------------|
| Number of relevant employees in entity | 2,188 | 1,819 | 1,202 | 738 | 711 | 625 | 439 | 319 | 308 | 298 | 266 | 9,733 | 718 |
| Proportion of male and female employees in business entity (M%/F%) | 78.3 / 21.7 | 53.0 / 47.0 | 76.7 / 23.3 | 53.1 / 46.9 | 75.8 / 24.2 | 82.6 / 17.4 | 96.8 / 3.2 | 70.8 / 29.2 | 72.1 / 27.9 | 81.5 / 18.5 | 67.7 / 32.3 | 72.2 / 27.8 | 64.5 / 35.5 |
| Mean hourly pay difference between male and female employees (%) | 16.2 | 22.8 | 11.4 | 24.4 | 22.2 | 11.9 | 21.3 | 29.7 | 15.0 | 29.5 | -1.4 | 13.2 | 18.4 |
| Median hourly pay difference between male and female employees (%) | 16.4 | 21.6 | 12.1 | 8.0 | 22.3 | 14.4 | 23.4 | 30.5 | 10.6 | 41.1 | 3.9 | 18.0 | 25.6 |
| Proportion of men/women in lower quartile pay band (M%/F%) | 62.3 / 37.7 | 33.2 / 66.8 | 62.5 / 37.5 | 48.9 / 51.1 | 51.1 / 48.9 | 80.3 / 19.7 | 89.1 / 10.9 | 46.3 / 53.8 | 61.5 / 38.5 | 49.3 / 50.7 | 68.0 / 32.0 | 57.8 / 42.2 | 53.3 / 46.7 |
| Proportion of men/women in lower middle quartile pay band (M%/F%) | 78.8 / 21.2 | 51.2 / 48.8 | 78.3 / 21.7 | 44.8 / 55.2 | 75.8 / 24.2 | 76.3 / 23.7 | 99.1 / 0.9 | 71.3 / 28.8 | 74.0 / 26.0 | 90.5 / 9.5 | 58.6 / 41.4 | 71.2 / 28.8 | 58.1 / 41.9 |
| Proportion of men/women in upper middle quartile pay band (M%/F%) | 84.1 / 15.9 | 59.1 / 40.9 | 83.0 / 17.0 | 48.9 / 51.1 | 86.4 / 13.6 | 85.9 / 14.1 | 100.0 / 0.0 | 77.2 / 22.8 | 71.1 / 28.9 | 94.6 / 5.4 | 78.8 / 21.2 | 78.0 / 22.0 | 69.4 / 30.6 |
| Proportion of men/ women in upper quartile pay band (M%/F%) | 88.1 / 11.9 | 68.5 / 31.5 | 83.1 / 16.9 | 69.7 / 30.3 | 89.9 / 10.1 | 87.8 / 12.2 | 99.1 / 0.9 | 88.8 / 11.3 | 81.8 / 18.2 | 92.0 / 8.0 | 64.2 / 35.8 | 81.8 / 18.2 | 77.1 / 22.9 |
| Mean difference in bonus payment between male and female employees (%) | 55.6 | 58.7 | 7.7 | 87.0 | 48.8 | 35.0 | 82.6 | 54.9 | 76.4 | 75.7 | 2.4 | 45.9 | 53.9 |
| Median difference in bonus payment between male and female employees (%) | 11.2 | 28.8 | 19.0 | 32.1 | 2.8 | 4.1 | 84.4 | 18.1 | 19.9 | 67.5 | -75.8 | 17.5 | 50.5 |
| Proportion of men/women receiving bonus pay (M%/F%) | 9.5 / 4.6 | 38.4 / 33.7 | 13.8 / 13.4 | 44.0 / 33.2 | 36.6 / 23.2 | 89.1 / 83.2 | 3.9 / 6.7 | 47.2 / 25.5 | 22.4 / 22.5 | 50.0 / 35.1 | 39.1 / 34.7 | 32.4 / 27.7 | 78.9 / 71.6 |

|| GLOSSARY

INCLUSION

An inclusive working environment is one in which everyone feels that they belong, that their contribution matters, and they are able to perform to their full potential, no matter their background, identity, or circumstances. It is about ensuring that everyone in society is represented, and that people's differences are valued, ensuring there are equal opportunities for everyone to thrive at work.

DIVERSITY

Diversity is understanding and recognising difference. A diverse workforce is one with a range of people from different backgrounds, ethnicities, races, cultures, accessibilities, sexual orientation, beliefs, ideologies and more. At SSE, the benefits that diversity brings are referred to as the four D's: greater Diversity leads to broader Debate, better Decisions, and better business Delivery.

RACE

Race is defined based on people's shared distinctive physical traits, such as skin, hair, eyes, and bone structure. Race and Ethnicity are a similar concept however ethnicity also includes cultural characteristics such as those outline in the definition below.

ETHNICITY

A broader concept than race which includes or combines nationality, citizenship, race, colour, language, ancestry, religion, and customs of dress or eating. SSE records data aligned to the 2011 Office for National Statistics (ONS) census ethnicity categories which includes White, Mixed/Multiple ethnic groups, Asian/Asian British, Black/African/Caribbean/Black British, Other ethnic group. See the [ONS website](#) for a full breakdown of these categories.

LGBTQI+

LGBTQI+ stands for: lesbian, gay, bisexual, transgender, queer, and intersex with the + encompassing any sexual orientations or gender identities that do not correspond to heterosexuality.

STEM

STEM stands for: Science, Technology, Engineering and Mathematics, a term used to group together these academic disciplines.

GENDER PAY GAP

The gender pay gap (GPG) is an equality measure that shows the difference in average earnings between women and men. It is reflective of the types and seniority of roles that are commonly held by men and women. The gender pay gap is different to equal pay which ensures men and women are

paid the same for doing the same role. See page 26-28 for details on SSE's gender pay gap.

ETHNIC MINORITY

Refers to racial and ethnic groups that make up a small proportion of the population of a particular country or group. Minority ethnic groups vary in each country.

UNDERREPRESENTED GROUP

Refers to a population of people who are insufficiently or inadequately represented compared to their actual proportion of the general population. Terms such as underrepresented ethnic groups, underrepresented communities, and underrepresented cultures are also used to describe these groups.

EQUALITY

Equality means ensuring that everyone has the same opportunities and receives the same treatment, resources, and support. Inequality is used to describe a lack of equality.

EQUITY

Equity recognises that individuals have different circumstances and may require different types of treatment, resources, and support. It is about giving people what they need, to make things fair, rather than giving everyone the same. This is not the same as equality, nor is it the same as inequality.

ACCESSIBILITY

Ensuring that everyone can access places, opportunities, resources, and support no matter their physical or mental abilities. Designing for use by all ensures no one is excluded. This involves considering who may not be able to access or use something, physically, online, visually, and ensure it is designed so everyone can benefit.

OFFICE FOR NATIONAL STATISTICS (ONS) DATA

Data that people living in the UK have provided to the UK Government through a number of ways including accessing public services and census data collected in England and Wales every 10 years. This includes the census data collected in England and Wales every 10 years.

NET ZERO

Net zero will be reached when the amount of carbon emissions emitted into the atmosphere is the same as the amount removed. This can be achieved by reducing emissions to as low as possible and implementing methods of absorbing carbon dioxide for residual emissions that cannot be reduced.

ESG RATINGS AND INDICES

ESG stands for Environment, Social, and Governance, and is a term used to describe categories of sustainability. Investors look at ESG metrics of companies to determine the risk associated with each of these categories that may prevent them from receiving a return on investment. Ratings and indices score and rank companies based on their ESG metrics, examples include carbon emissions reduction plans, contribution to society, treatment of workers and more.

PROXY ADVISOR

Proxy advisors represent shareholders at the general meetings of the companies in which they hold an interest and provide voting recommendations for decision-making at general meetings. The services of proxy advisors are used in particular by institutional investors. Examples include the Investment Association (IA) and the Institutional Voting

Information Service (IVIS) which support the changes to the Listing Rules and the FTSE Women Leaders Review recommendations, as well as Institutional Shareholder Services (ISS), Pensions and Investment Research Consultants (PIRC) and Glass Lewis mentioned in the table on page 32.

FTSE WOMEN LEADERS REVIEW

FTSE Women Leaders Review focuses on increasing the number of women on FTSE boards, and improving women's representation in senior positions.

JUST TRANSITION

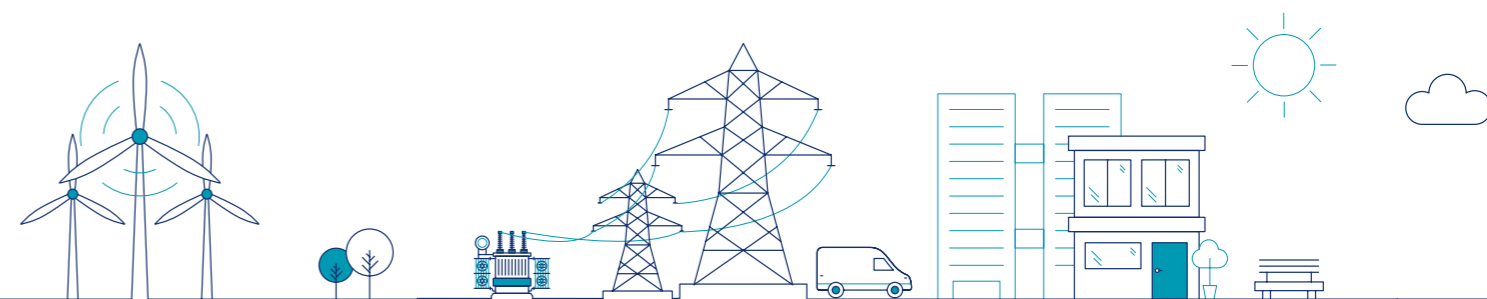
A Just Transition means reaching net zero in a way that is fair and inclusive to everyone, creating decent work opportunities and ensuring people in high-carbon roles can transition to new jobs.

|| APPENDIX

The Return on Inclusion (ROI) methodology

The EA Inclusion ROI tool provides evidence of the bottom-line impact of embedding inclusion throughout an organisation. The output of the tool provides specific ratios and analytics with which to identify past, present, and future monetisation of inclusion and diversity initiatives, with the information recalibrated every six weeks to maintain its credibility. In addition, the ROI tool gives specific feedback as to where and how future activity should be focused to maximise the impact of inclusion strategies and initiatives, and in turn maximise the bottom line or social impact changes.

The approach involves data capture, qualitative and quantitative research, focus group liaison, interview feedback and information available in the public domain. The ROI tool for SSE reviewed 81 data points across over 20 categories. The raw data is then inputted against specifically developed formula using dedicated software, which translates the information into a numerical result, and a primary report of outputs and findings is produced. The results of each statistical return are compared against global, national, regional and sector norms. Further information on the methodology can be found online at www.sse.com/sustainability/reporting/ and in [SSE's 2017 Valuing Difference report](#).





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**For further information about SSE,
please contact:**

SSE plc

Sustainability
Inveralmond House
200 Dunkeld Road
Perth PH1 3AQ
UK
+44 (0)1738 456000
info@sse.com
Registered in Scotland No. 117119

[sse.com](https://www.sse.com)

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