

## 1. INTRODUCTION

The role of the Board of the Company is to provide effective entrepreneurial leadership, promote the long-term sustainable success of the Company, whilst generating value for Shareholders. An effective Board develops and promotes its collective vision of the Company's purpose, its values, its vision, its culture and the behaviours it wishes to promote in conducting its business.

This document sets out the Schedule of Reserved Matters for the Board of SSE plc for its determination or delegation (subject to shareholder approval, where appropriate).

In discharging all their duties, the directors shall have due regard to their legal and regulatory obligations. The directors shall consider the requirements of Section 172 of the Companies Act 2006 acting in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of the Company's members as a whole, and in doing so have regard (amongst other matters) to—

- (a) the likely consequences of any decision in the long term,
- (b) the interests of the company's employees,
- (c) the need to foster the company's business relationships with suppliers, customers and others,
- (d) the impact of the company's operations on the community and the environment,
- (e) the desirability of the company maintaining a reputation for high standards of business conduct, and
- (f) the need to act fairly as between members of the company.

## 2. STRATEGY AND MANAGEMENT

- 2.1. Responsibility for the overall management of the Group.
- 2.2. Approval and regular review of the Group's general commercial strategy, business development initiatives and long-term strategic options.
- 2.3. Approval of the annual operating and capital expenditure budgets and any material changes to them.
- 2.4. Oversight of the Group's operations ensuring:
  - 2.5. competent and prudent management
  - 2.6. sound planning
  - 2.7. an adequate system of internal control
  - 2.8. compliance with statutory and regulatory obligations.
  - 2.9. adequate accounting and other records.
- 2.10. Review of performance in light of the Group's strategy, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.
- 2.11. Approval of the material extension of the Group's activities into new business or geographic areas.
- 2.12. Approval of any proposal to cease to operate all or any material part of the Group's business.

## SCHEDULE OF MATTERS RESERVED FOR THE BOARD March 2019

### **3. CORPORATE CULTURE**

- 3.1.** Responsibility to agree and continually monitor a healthy culture for the Group and for ensuring there is an appropriate framework of control which supports culture-related issues.
- 3.2.** Responsibility for setting the Group's values as well as desired attitudes and behaviours through Group policies, employee standards and leading by example.
- 3.3.** Endorsement of the definition of culture in a corporate context where culture is defined as a combination of the values, attitudes, and behaviours manifested by the company in its operations and relations with stakeholders.

### **4. FINANCIAL REPORTING AND CONTROLS**

- 4.1.** Approval of the interim and final results and the interim management statements, following recommendations from the Audit Committee.
- 4.2.** Approval of trading statements.
- 4.3.** Approval of the Annual Report and Accounts including the remuneration report, directors' report, corporate governance report and strategic report, in accordance with the Companies Act 2006 and the Listing Rules following recommendations from the Audit Committee.
- 4.4.** Approval of the dividend policy.
- 4.5.** Declaration of the interim dividend and recommendation of the final dividend.
- 4.6.** Approval of any significant changes in accounting policies or practices following recommendations from the Audit Committee.

### **5. COMMUNICATIONS**

- 5.1.** Approval of all resolutions and related documentation to be put forward to shareholders at a general meeting.
- 5.2.** Approval of all circulars (including listing particulars) to shareholders.

### **6. INTERNAL CONTROLS**

- 6.1.** Ensuring maintenance of a sound system of internal control and risk management, following recommendation from the Audit Committee, including approving an appropriate statement for inclusion in the Annual Report.
- 6.2.** Ensuring a vigorous assessment of the Company's emerging and agreed principal risks is undertaken and reported on in the statement for inclusion in the Annual Report.

## SCHEDULE OF MATTERS RESERVED FOR THE BOARD March 2019

### **7. WHISTLEBLOWING**

- 7.1.** Ensure there is a policy in place allowing the workforce to raise any matters of concern.
- 7.2.** Review the Company's Whistleblowing Policy and any reports arising from its operation.
- 7.3.** Ensure there are processes in place to facilitate an independent investigation, allowing any action required, to be determined.

### **8. STRUCTURE AND CAPITAL**

- 8.1.** Changes relating to the Group's capital structure including reduction of capital, share issues (except under employee share plans) and share buybacks (including the use of treasury shares).

## SCHEDULE OF MATTERS RESERVED FOR THE BOARD March 2019

- 8.2. Major changes to the Group's corporate structure including the making or receiving of any take-over bid or similar corporate transaction and the entering into of material joint venture agreements.
- 8.3. Changes to the Group's management and control structure.
- 8.4. Any changes to the company's listing or its status as a plc.
- 8.5. Any changes to the registered office or name of the Company.
- 8.6. Any changes to the Articles of Association.

### 9. BOARD MEMBERSHIP AND OTHER APPOINTMENTS

- 9.1. Changes to the structure, size and composition of the board, following recommendations from the Nomination Committee.
- 9.2. Approval of the terms of reference, membership of board committees, including the five existing committees – the Audit Committee, the Remuneration Committee, the Nomination Committee, the Safety Health and Environment Advisory Committee and the Energy Markets Risk Committee.
- 9.3. Appointment and removal of the Directors of the Company and changes to their executive positions all on the recommendation of the Nomination Committee.
- 9.4. Approval of the terms of reference of the Chairman, Senior Independent Director, Chief Executive, Executive Directors and Non-Executive Director of Employee Engagement.
- 9.5. Selection and appointment of the Chairman and Senior Independent Director following recommendations from the Nomination Committee.
- 9.6. Ensuring adequate succession planning for the board and senior management.
- 9.7. The scope and extent of delegations to Directors or Board Committees.
- 9.8. Appointment and removal of the Company Secretary.
- 9.9. Appointment, reappointment or removal of the external auditor to be put to shareholders for the approval, following recommendations from the Audit Committee.
- 9.10. Approval of the remuneration of the auditors and terms of engagement, following recommendations from the Audit Committee.

### 10. REMUNERATION

- 10.1. Determining the remuneration policy, level of remuneration and terms of appointment for the Executive Directors and the Company Chairman to be delegated to the Remuneration Committee.
- 10.2. Setting the level of remuneration for members of the Group Executive Committee to be delegated to the Remuneration Committee.
- 10.3. Approval of the policy level of remuneration and terms of appointment of non-Executive Directors on the recommendation of the Executive Directors and the Company Chairman.

## SCHEDULE OF MATTERS RESERVED FOR THE BOARD March 2019

### 11. CORPORATE GOVERNANCE MATTERS

- 11.1. Performance evaluation of the Board and that of its committees and individual directors at least once each year and reporting to shareholders on whether such performance evaluation had taken place and how it had been conducted.
- 11.2. Determination of the independence of any Non-Executive Director or proposed Non-Executive Director.
- 11.3. Review of the Group's overall corporate governance arrangements.
- 11.4. Review engagement mechanisms with shareholders, employees, customers, suppliers and the community to ensure they remain effective, whilst giving consideration to the balance of interests between all relevant stakeholders.

### 12. REGULATORY

- 12.1. Approval of tariffs and other related matters as required by the appropriate legislation.
- 12.2. Approval of the electricity distribution and transmission price control reviews proposed by Ofgem.

### 13. POLICIES

- 13.1. As determined by the Board, the approval of the Board Charter, key Group-level policies, as well as procedures and documents identified for Board level endorsement, which set out the agreed practices and standards, to support responsible and sustainable operations and value creation.

### 14. MAJOR TRANSACTIONS

- 14.1. The acquisition or disposal of interests in the shareholding of a Group company or the acquisition of businesses as going concern in excess of £30 million or otherwise material to the interests of the Group.
- 14.2. Capital expenditure of a Group company in excess of:

<b>Approved in Budget</b>	£75 million
<b>In Budget Not Approved</b>	£75 million
<b>Not Approved Not in Budget</b>	£75 million

- 14.3. Revenue expenditure of a Group company in excess of:

<b>Approved in Budget</b>	£75 million
<b>Not in Budget</b>	£30 million

## SCHEDULE OF MATTERS RESERVED FOR THE BOARD March 2019

**14.4.** Prosecution, defence or settlement of litigation involving a value in excess of £30 million or being otherwise material to the interests of the Group.

### **15. EMPLOYEE SHARES AND PENSION SCHEMES**

**15.1.** Material changes to the rules of the Company pension schemes or (when this is subject to the approval by the Company) material changes in the fund management arrangements.

**15.2.** Establishing employee and other incentive schemes and any material changes to them.

### **16. DONATIONS**

**16.1.** The formulation of policy regarding charitable donations.

**16.2.** The making of any political donations.

### **17. SCHEDULE OF RESERVED MATTERS**

**17.1.** Approval of this schedule of reserved matters.

### **18. PROCEDURE FOR DECISIONS BY THE BOARD REQUIRED BETWEEN BOARD MEETINGS.**

**18.1.** For the purpose of decisions on all matters arising from the above Schedule of Reserved Matters. Where a decision is required prior to the next scheduled Board Meeting, approval will be by a majority of the Directors, which must include one Executive Director, in writing or by phone or video conference or email and recorded by the Company Secretary or their nominee. There shall also be a report to the next Board Meeting on the reserved matter.