

SSE Board Inclusion and Diversity Policy

1. Introduction

SSE's Board Inclusion and Diversity Policy forms part of SSE's group-wide inclusion and diversity strategy. Its objective is to ensure that Board membership remains appropriately balanced and relevant to SSE's purpose, strategy and values. In line with this, the Board and Nomination Committee commit to the implementation of the measures set out below. These guide SSE's approach to Board appointments, and have been designed to promote responsible and sustainable leadership of the Company, through supporting and embracing difference, and nurturing an inclusive Board culture.

2. Maintaining a diverse board

Identifying SSE's needs With due consideration for their respective roles and responsibilities, the operation and composition of the Board and its Committees shall be subject to regular review. This will include, but not be limited to, monitoring the balance of skills, knowledge, perspectives, experience, gender, ethnicity and length of membership, to ensure that together the Directors can effectively support the long-term success of the Company. The Nomination Committee will consider relevant findings in the context of succession plans.

Director appointment Prior to any appointment, the Nomination Committee will consider existing succession plans and any findings from the review process described above. A description of the role, setting out any desired selection criteria and measurable outcomes, will be prepared to support a formal, rigorous and transparent appointment process. This description shall be evaluated to ensure that it remains free from bias and supports inclusive recruitment.

Executive search firms When engaging with executive search firms, the Nomination Committee will work with those deemed best placed to deliver a wide pool of diverse and experienced candidates aligned to the Board's needs. This will be achieved through consulting only those who have signed up to at least the standard voluntary code of conduct for executive search firms. Where possible the services of those firms accredited under the enhanced code of conduct will be engaged.

Recruiting on merit When presented with a shortlist of suitable Board candidates, a final decision will only be taken following completion of a robust selection process. This decision will be based on an objective and shared understanding of merit, with due consideration of any agreed criteria such as competencies relevant to SSE's needs. This will involve assessment of whether candidates complement and enhance the overall capability of the Board and support the delivery of agreed strategy.

Board and Committee culture Appropriate procedures will be put in place to ensure that the Board and its Committees operate in a respectful and inclusive manner - difference of perspective shall be actively welcomed and constructive challenge and support encouraged. Steps will be taken to guard against group-think and to seek a broad range of views and approach.

Talent pipeline The Board and Nomination Committee will oversee work and progress in relation to inclusion and diversity within the internal talent pipeline, with specific consideration for how this supports succession plans and future appointments to the Executive Committee and senior management. Through an annual review of action plans and progress, guidance and support will be provided where appropriate.

Supporting diversity The external landscape will be monitored to ensure that relevant guidance and initiatives in relation to inclusion and diversity are subject to consideration by the Board and Nomination Committee. Where deemed appropriate, any agreed ambitions in respect of gender and ethnic diversity will be developed and integrated into existing strategy and succession plans¹.

3. Monitoring and reporting

The Board and Nomination Committee will monitor compliance and progress against the Board Inclusion and Diversity Policy and report annually on:

- how the Board Inclusion and Diversity Policy has been implemented, including details of its linkage to strategy, any measurable objectives set and progress achieved; and
- the process it has used during the year in relation to Board appointments, its approach to succession planning and how both support the development of a diverse pipeline.

Richard Gillingwater
Chairman

Sally Fairbairn
Company Secretary

¹ In February 2019 the Board adopted an ambition of 33% female membership, to be maintained on average over a three-year rolling period.