



SSE plc AGM 2023

Pre-submitted shareholder questions



The following questions from retail shareholders were submitted in advance of SSE plc's Annual General Meeting held in Perth and online on 20 July 2023.

A transcript of the questions asked on the day of the AGM and relevant responses will be published following the meeting in the Investor section of [sse.com](https://www.sse.com).

Community engagement

Q

In the light of NZAP Plus announced in May 2023 and highlighted in the Annual Report, does the Company recognise the risks in this strategy, and agree that all households and communities within and around proposed onshore wind farm developments are informed and consulted prior to any planning applications or wind farm scoping proposals? How many complaints regarding SSE's failures to meet this consultation requirement have SSE received from shareholders or MPs and MSPs in the past year? How many of these complaints have SSE failed to respond to? How will SSE avoid such failures in the future and how will it address historic problems?

A

At SSE, we recognise the importance of proactive engagement with communities in areas which host our onshore wind assets. We have embedded best practice engagement principles into how we engage with local communities across the areas in which we operate, building on decades of experience in delivering community benefits from the development of our onshore renewable energy assets. We believe that engagement and consultation with communities is most effective when it is commenced as early as possible, is two-way, and covers a representative cross-section of society.

During the development of onshore projects, under Section 36 of the Electricity Act 1989, we adhere to the guidelines on consultation set out by the appropriate planning authority. We take these guidelines as the minimum requirement, seeking to go above and beyond as we carry out robust engagement to obtain a wide variety of feedback in order to develop balanced proposals in partnership with the local communities in which we work. Should there be any instances where complaints are made about the consultation process, recourse would be made by the arbiter of the planning process. We are not aware of specific complaints about the consultation process for our onshore wind developments through this channel over the past 12 months.

Meaningful consultation is essential and it is at the centre of what we do as a responsible developer. Each project has enabled us to become better developers and better partners with the communities in which we work and today we are developing projects which reflect over 15 years of community engagement.

Business performance

Q

As a shareholder and someone who has many dealings with the Distribution business of SSE, i.e. SSEN, I would like to put the following question: Seeing what is happening with Thames Water in recent times I can see many similarities i.e. poor focus on customer services, increasing costs, poor accountability, being out of step with other similar business etc. What assurance can the Board provide shareholders with to assure them that SSE are not going the same way?

A

It would not be appropriate to comment on the operations of another company, but SSE's regulated businesses are well-managed and are wholly-focused on delivering the networks needed for our customers.

As demand for connections to our networks increase significantly and become more complex, in line with the investment required to reach net zero, we want to continue to deliver a positive and consistent customer experience. In our Distribution business, this includes developing new services and processes to improve the customer journey for our connection customers, such as strategic account management for those with multiple applications as well as digitalisation of services so that smaller connectees can effectively 'self-serve', reducing unnecessary delay.

Alongside the close scrutiny of the energy regulator, Ofgem, our regulated businesses also form a core part of SSE's responsible financial strategy of long-term investment. In 2022/23 SSE invested a record £2.8bn, the vast majority of which was in critical low-carbon electricity infrastructure, and this saw us invest far more than we earned in profits.

Looking forward, our fully-funded Net Zero Acceleration Programme Plus is supported by upgraded expectations for earnings growth and a strengthened balance sheet which is expected to remain well within strong investment grade credit ratios.

Board shareholding

Q

The vote to reinstate John Bason as a director in the booklet [Annual Report 2023] indicates that all Board members have to have a shareholding of at least 2,000 shares but the document indicates Mr Bason is not a shareholder. The question is why does he not hold any shares and if he does how many is he holding.

A

The [Regulated News Service statement](#) issued by SSE on 25 May 2023 confirms that John Bason purchased 2,117 Ordinary Shares. The information in the Annual Report 2023 reflects position as at 31 March and shows John Bason as 0 holding, but the RNS confirms that he indeed holds shares in SSE as required.

Remuneration policy

Q

SSE have been fined around £10m for overcharging the National Grid – will the executive Board still be paid their bonuses?

A

The Ofgem investigation concluded after the end of the 2022/23 financial year following the Preliminary Full-year Results announcement. It is therefore a consideration for the Remuneration Committee in respect of pay decisions for 2023/24. The Committee has never been afraid to reduce pay where they believe it is warranted. Downward discretion in relation to the annual incentive has been used four times in the last seven years to reduce the formulaic outturn. The Committee will consider the Ofgem fine in the context of SSE's performance in the round at yearend.

Green energy

Q

I would like to know what proportion of the energy supplied by SSE is derived from 'fossil fuels' and what proportion can be described as 'green' and in that case by what means.

A

SSE supplies domestic and non-domestic customers across the island of Ireland. In Great Britain, SSE only supplies non-domestic customers. SSE defines green electricity as deriving from renewable energy sources such as wind, solar and hydro.

Electricity supply in Ireland and Great Britain

The proportion of green electricity supplied to SSE customers will vary depending on the number of customers on a 100% green electricity tariff at any one time. In the Republic of Ireland, all SSE's customers received 100% green electricity during the calendar year 2021, the most recent year for complete data. In Northern Ireland, 58.1% of our customers received green electricity in calendar year 2021 while 41.9% received electricity from gas-fired sources, according to Fuel Mix Disclosure figures. The latest figures we have for business customers supplied with electricity by SSE in Great Britain are for the financial year 2022-23. These figures indicate 54% of the electricity supplied was from renewable sources and 46% was from gas-fired generation.

Gas supply in Ireland and Great Britain

Most of the gas supplied to customers on the island of Ireland is natural gas. In Great Britain, in financial year 2022-23, 2% of the gas supplied to customers was classified as green from biomethane.