

# BOARD INCLUSION AND DIVERSITY POLICY

SSE plc, April 2022

## 1. POLICY STATEMENT

The Board is committed to maintaining diversity within its membership and to instilling a culture that is inclusive to all views, perspectives and experiences. This is founded on inclusion being a critical behaviour to ensuring diversity, in its broadest sense, is truly embraced and encouraged; bringing broader debate, better decision making and ultimately better business delivery for all stakeholders.

## 2. POLICY OBJECTIVE

SSE's Board Inclusion and Diversity Policy (the Policy) forms part of SSE's group-wide inclusion and diversity strategy. The objective of the Policy objective is to ensure Board membership remains appropriately balanced and aligned to SSE's purpose, vision, strategy and values.

### LINKAGE TO VISION, PURPOSE, STRATEGY AND VALUES: POWERING CHANGE, POWERING OUR PEOPLE.

People are at the heart of the transformational change needed to achieve net zero, and SSE believes innovative solutions to climate change require diverse perspectives, different experiences and new skills. The principles of equality, fairness, inclusion and diversity must be at the heart of everything we do.

The Board is responsible for setting the correct conditions for the above, and for leading by example through its own approach to inclusion and diversity across its composition and dynamics. The Policy Principles and Policy Targets have been carefully designed to set the framework in which the Board and Nomination Committee consider the breadth of difference across leadership and assess what actions may be required to ensure SSE's long-term success.

## 3. POLICY PRINCIPLES

The objective of the Policy is supported through a set of principles, which represent the practical measures the Board and Nomination Committee will implement across their work. These guide SSE's approach to Board appointments and succession planning and have been designed to promote responsible and sustainable leadership of SSE through championing difference and setting the conditions for an inclusive Boardroom and workplace.

- 3.1. 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, professional and lived experience, thinking styles, gender, ethnicity, and length of membership, to ensure that together the Directors can effectively support the long-term success of the Company. In this way, the Nomination Committee will consider relevant findings in the context of agreed strategy and existing succession plans.

- 3.2.** 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.
- 3.3.** Executive search firms. When engaging with executive search firms, the Nomination Committee will work with those deemed best placed to deliver a diverse pool of candidates aligned to the Board's needs. This will be achieved through consulting those who are accredited under the enhanced voluntary code of conduct for executive search firms. Where this has not been possible, an explanatory statement of how diversity has been ensured will be provided in the description of the appointment process in the corresponding Annual Report. When a search firm is appointed, an appropriate ambition for long and short-list diversity will be discussed based on the criteria for the recruitment process.
- 3.4.** 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 which support 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.
- 3.5.** 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.
- 3.6.** Talent pipeline. The Board and Nomination Committee will oversee work and progress surrounding inclusion and diversity within the internal talent pipeline, with specific consideration for how this supports succession plans and future appointments to the Group Executive Committee and senior management. Through an annual review of action plans and progress, guidance and support will be provided where appropriate.
- 3.7.** Supporting diversity. The external landscape will be monitored to ensure that relevant guidance and initiatives in relation to inclusion and diversity are considered by the Board and Nomination Committee. Insight and, where possible, agreed ambitions in respect of wider inclusion matters including gender, ethnic, socio-economic, neuro and disability diversity will be developed and integrated into existing people strategy and succession plans.

## **4. POLICY TARGETS**

The Board has adopted the below ambitions to support its work and commitment to improving diversity within its membership through application of the Policy.

- 4.1.** To support the ultimate goal of enduring gender parity, 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.
- 4.2.** Within its succession planning and as a vacancy arises, the Board will consider female representation across the roles of Chair, Senior Independent Director, Chief Executive and Finance Director.
- 4.3.** The Board commits to having at least one Director from an ethnic minority background.

There are additional aspirations in place to improve gender balance across SSE's senior leadership which are reported across set measures in SSE's Annual and Sustainability Reports, and which are detailed on [sse.com](http://sse.com). The above ambitions do not limit the Boards view of diversity criteria. During periods of Board change there may be temporary movements in Board balance.

## **5. POLICY MONITORING AND REPORTING**

The Board and Nomination Committee will monitor compliance and progress against this Policy and report annually on:

- how the Board Inclusion and Diversity Policy has been implemented, including details of its continued linkage to strategy, the ambitions 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.

### **Sir John Manzoni**

Chair

### **Sally Fairbairn**

Company Secretary and Director of Investor Relations

Issue date: 1 April 2022