



SSE plc **AGM 2024**

Transcript of meeting proceedings



This is an edited transcript of proceedings at the SSE plc Annual General Meeting held on 18 July 2024 at the Perth Concert Hall. For data protection reasons the names and identifying details of retail shareholders have been withheld.

Welcome

Sir John Manzoni, Chair of the SSE plc Board

Good afternoon, ladies and gentlemen. Welcome and thank you for joining us for the SSE 2024 Annual General Meeting. My name is John Manzoni, your Chair, and I'm here in Perth with my fellow directors for SSE's 35th AGM. To be as inclusive as possible, we're conducting proceedings as a combined physical and virtual meeting, with those online able to watch, ask questions, and vote in real time.

Introducing the Board

Let me introduce my fellow members of the board. To my right are our Chief Executive, Alistair Phillips-Davies; Chief Financial Officer, Barry O'Regan and Chief Commercial Officer Martin Pibworth. Behind them, we have our Group General Counsel and Company Secretary Liz Tanner; Helen Mahy, our Senior Independent Director; Lady Elish Angiolini; John Bason and Debbie Crosbie. And behind me we have non-executive directors, Tony Cocker, Dame Angela Strank, Maarten Wetselaar and Melanie Smith.

Board composition

We keep the composition of the board under review to make sure that we have the skills, experience and diversity of thought needed for good stewardship of the Company. And we welcome three new people to our AGM this year following the previously announced changes to the composition of the Board. As a Non-Executive Director, Maarten Wetselaar brings his deep experience in the international energy markets. Barry O'Regan joins us as an Executive Director having taken up the role of Chief Financial Officer following the retirement of Gregor Alexander. And we welcome Liz Tanner to her first AGM since taking on the role of Company Secretary in addition to her Group General Council duties. In other changes, Helen Mahy has stepped up to take the position of Senior Independent Director and John Bason became the Chair of the Audit Committee immediately after last year's AGM. I'd like to thank all the Directors for their work over the past year which is well documented in the 2024 Annual Report.

[Meeting is briefly adjourned at this point due to interruption by protesters in the hall]

Agenda

Ladies and gentlemen, thank you for your patience. And I'm sorry about the interruption. This meeting is now formally reconvened. Slightly behind our time, so I apologise about that. But let me pick up where I left off. I'm going to outline the running order for today. First of all, I'll give you an update on the work being done by everyone at SSE on behalf of you, our shareholders. Following this, we will take questions. I will then summarise the proposed resolutions you're invited to vote on. And while I'm summarising, all shareholders, those of you joining us here in the hall and those of you online, can cast your votes. So, before we start the formal business of the meeting, I'd like to say a few words about the strategic progress being made by the Company and the value it's creating for you, our shareholders, and for society as a whole.

The people behind our purpose

The successful execution of SSE's purpose is wholly dependent on the commitment of 14,000 direct employees and our contract partners. On behalf of the board, I thank them all for their efforts, which culminated in us meeting our financial objectives and making great progress in delivery of our strategic plans over the last year. Ensuring that all our employees and contractors get home safe at the end of each working day remains our top priority. It was therefore a difficult year for us in terms of our overall safety performance marked as it was by the tragic loss of Richard Ellis, the employee of a contract partner, who died in an offsite incident in October of last year.

Safety performance among our direct SSE employees showed a significant improvement over the year, but contractor safety remains an area of concern. And we continue to focus our efforts on ensuring everyone on an SSE site is kept out of harm's way.

A modern workplace needs to be more than just safe. It should be welcoming to people from all walks of life and reflect the communities around it. We recognise that there is some way to go, but we're making good progress. We've set ourselves a senior leadership ethnicity target for the first time. And the trend for female representation is improving rapidly. I'm pleased we have seen a significant drop in our gender pay gap over the last year. SSE's diversified business mix provided resilience across the energy value chain last year. And we made strides with delivery of our large capital projects in what has been a challenging operating environment.

Our place in the world

Strategic progress should be seen in the context of a shifting landscape for our sector as electrification and decarbonisation transform the way energy is produced, transported, and consumed. The energy system of tomorrow will be cleaner, more secure in the face of international market shocks, and more affordable. And it will be driven by renewable energy that needs the support of both flexible generation that can be switched on and off and strengthened electricity networks capable of transporting power to centres of demand.

It is no coincidence, therefore, that this is where we are focusing our £20.5bn investment plan that we call the Net-Zero Acceleration Programme, or NZAP, Plus. We're constructing the world's largest wind farm at Dogger Bank. And we have plans to build more clean energy assets through our world-class renewables development pipeline. We're decarbonising our thermal fleet and developing the new flexible generation technologies that will be so important in offsetting the variability of wind and solar energy. And we're working with communities to carry out the grid reinforcements that are both needed for net zero and energy security and which now form part of our licence conditions set by the regulator.

Working for all stakeholders

In all of this, we're creating lasting value, not just for those of you who have the financial stake in the Company, but for future generations who will enjoy an economy driven by a sustainable energy system that is built to meet the challenges of a warming world. This means ensuring the communities adjacent to our large capital projects share in the value that comes from unprecedented investment in clean energy infrastructure. This year marks a decade of our Renewable Sustainable Development Fund, which has awarded more than £13.5m to date. And nowhere is working with our neighbours more important than in the north of Scotland where vital new transmission infrastructure needs to be built if energy security imperatives and national net zero targets are to be met.

We're committed to bringing local communities with us on this system transformation. And we're carrying out one of the biggest public consultations ever seen in Scotland. This consultation is still ongoing as we seek to identify the best possible ways to balance the various factors and stakeholder interests we must consider. This is a complex process. And we've already shown we will make changes where possible in

response to local concerns. Whilst we await the UK Government's final guidance, we anticipate funding more than £100m to support local causes as part of a north of Scotland community benefit fund. And a new housing strategy will see us contribute to the development of at least 200 new homes in the Highlands.

Guided by climate science

The net-zero transition report that you're voting on today reiterates the science-based targets we're aiming for and the actions we will take to remove greenhouse gas emissions from SSE's operations. We're working to UN aligned business goals. And we made good ground on our science-based carbon targets last year with a 29% year-on-year reduction in Scope 1 greenhouse gas emissions. This was our lowest level recorded to date. We recognise that security of supply demands in the transition to net zero mean that the journey from here to our 2030 goals won't necessarily be perfectly linear, but we're encouraged by the progress we're making. We remain committed to driving a sustainable transition. Our goals hold us to account on emissions, renewable output, network connections, and a just transition. And we're proud of our positive environmental, social, and governance index ratings, which reflect our efforts to report openly on the impact we're having on people and the planet.

Powering sustainable growth

Electrification is at the heart of all future energy scenarios. The opportunities arising from the electrification of transport and heat and the expected step up in energy demand driven by data centres and artificial intelligence put SSE in the right place at the right time and with the right business model to power growth and create significant value. And given the broad political consensus among mainstream political parties on climate action, the recent change of UK Government does not alter our strategic focus on investing £20.5bn over the five years to 2027 in the renewables, flexible generation, and networks needed to secure our energy future.

Shareholder questions

Before we vote on the resolutions, I'd like to invite questions from our shareholders. In the notice of meeting, we explained that we would respond in writing to pre-submitted questions, and these together with the responses can be found in the investor section of our website. Personal inquiries from shareholders have been dealt with directly with the relevant individuals. In addition, as highlighted earlier today, today we can take your questions online, over the phone, or in the room. Our colleague, Ryan Bell, is now at the question point. If you've registered to ask a question, please make yourself known to Ryan, if you've not already done so. So let's take questions now. And I'll hand over to Sean Munday, SSE's Head of Corporate Reporting, who will facilitate.

Sean Munday, SSE Head of Corporate Reporting

Thank you, Sir John. And good afternoon, everyone. Before we start, I'd like to remind everyone that we want to respond to all shareholder questions today, if we can, as well as make time for the main business of today's meeting. I'll therefore ask that we keep questions brief, to the point, and focused on AGM business to enable as much engagement as possible, particularly given the time lost through disruption earlier on. If we do run out of time for questions this afternoon, you may submit them after the meeting by email to AGMquestion@SSE.com or speak to Ryan Bell at the back of the hall or other members of the Company Secretarial team who will be located by the question point. Any questions we don't get time for today will be answered and published on the sse.com website as soon as possible and no later than the close of business on Monday, the 22nd of July.

I'd also remind those of you here in person that we have representatives from SSE's Business Units, the Investor Relations team, and our registrars in the foyer. And they'll be more than happy to help with any

specific project or shareholding queries you might have. And I would encourage you to make use of that. Finally, I'd ask that if you do have a question, please begin by introducing yourself.

So that said, we'll take our first question from the floor. And I think we have [Shareholder A] with a question. And I understand, Shareholder A has a number of questions, so perhaps we'll take a couple of questions from you first, and then we'll hear other shareholders, and then come back to you. Thank you.

Shareholder A

Well, good afternoon. And thank you. One of the questions shareholders are always asked at these meetings is about authorising the Board's Audit Committee to determine the auditor's remuneration. I note that this has increased from about £2m a year in 2019, '20, doubled to £4m by '22, '23, and has now risen a further 50% in the last year to £6m in 2022, '23. Are we still getting good value for money from our auditors?

John Manzoni

Thank you, Shareholder A. I'm going to ask the Chair of our Audit Committee, Mr John Bason, to answer your question because he, in his committee, has the delegated authority from the Board to set the remuneration for our auditors. So, John ...

John Bason, Chair of the SSE plc Audit Committee

Thank you very much for the question. I'd answer it in two parts. The first one is there is a general backdrop here. And the backdrop is I think you'll find that the audit fees of large public companies like ours have generally increased. And what's been the driver of that? Well, it's been regulatory change and also increased regulatory scrutiny by the FRC on auditors. And so the work that they've needed to perform has changed as a result of that. And of course, then there's been the inflationary impact of the last couple of years. That's one element. The second element, which I think is most important, is of course the growth of SSE. And SSE itself has grown somewhat over recent years, which is obviously what we all embrace and we all want. And also, there's a little bit of complexity in that, which is some of the overseas operations that we've got.

Do we get value for money? Absolutely. That is one of the key tasks of the Audit Committee over the year. We liaise with all of stakeholders and really get feedback in terms of how effective that audit is. And I can tell you that EY, particularly this year, have come back with a very, very effective result. By the way, just one small thing, and I can tell you afterwards ... the two million that you refer to is a slightly lower number and the six is a slightly higher number. So the percentage increase between the two is different. But hopefully that answers your question.

Shareholder A

Thank you. Yeah. I was pleased to read in your Annual Report that you hosted a top-level Labour Party delegation during the year. Now they are in government. And they will be setting up a company called Great British Energy, whose purpose looks to be in many ways similar to that of SSE. My question is, do you see Great British Energy as a future partner or competitor in the business of helping the UK to demonstrate success in economically reducing the carbon intensity of modern living?

John Manzoni

So thank you for noting that we hosted that reception. First thing I would say is I think that we have made, as a result of extensive work through the executive, very, very good relations with the current UK Government. The work has been going on for several years. We are very close to both parties of government. But as this Government comes into power after the election, that there are no surprises for us. We've been in a dialogue with them about what it's going to take. The second thing I'd say is that in a general sense, the Government has absolutely prioritised growth, absolutely prioritised private investment into growth and infrastructure as a means of that growth. All of those, I think, are extremely positive. And of course, as you probably know, they have a policy of accelerating the net transition from the previous administration.

So all of this is incredibly positive. And GB Energy forms a part of that more general agenda. I think we embrace that. Of course, we're still to see the detail. They've capitalised it with I think it's about £8bn, some of which will go into investments, perhaps in partnership with us. Perhaps they will put investment using the government cost of capital, which is slightly lower, perhaps into encouraging technologies that otherwise are having trouble. You know we have been pushing various flexible generation technologies and the policies that go with them. So we're very hopeful that GB Energy will be a constructive force in the market. We embrace it. And the team will be working with the Government to try to set that up in the best possible way. So I think we can look forward in a positive way to GB Energy.

Shareholder A

Thank you. You mentioned there the developments. You present on page 75 of your Annual Report that 10% of your generation last year constrained off, i.e., it was effectively unutilised or wasted. This is a million megawatt hours or so, an awful lot of generation. And it was about double the amount constrained off the previous year. Is this high level of wastage acceptable? And will it get worse as much more intermittent generation capacity comes online?

John Manzoni

So, I think what you're describing is one of the characteristics as we build out renewable electricity in this country. We have to build the whole system in parallel because the constraints that you've referred to relate to the network system, which is transporting those electrons from where they're generated to where they're demanded. That is why we are so pleased to be accelerating investment into the networks. Our whole strategy is to accelerate investment in all parts of this value chain so that we can actually reduce those constraint costs that you refer to. And we're working very hard to do that. And of course, that's not easy in itself. A large proportion of our £20.5bn investment is going exactly to reduce those constraint costs and try to move the electrons to where they're needed from where they're generated.

Sean Munday

Thank you, John. Shareholder A, if we can leave it there, and we'll come back to you in due course. Thank you. Back to the question point.

Ryan Bell

Thank you. If we could now welcome Shareholder B up to the podium.

Shareholder B

Good afternoon, everybody. First of all, I'd like to thank the Chairman very much, indeed, for handling these demonstrators so smoothly. I'm afraid to say that I don't think I would've been so restrained as a Chairman. Right. My questions here, question number one, where is the backup for SSE wind farms when there's no wind? Second, does the SSE Board approve of blanketing our arable farmland with solar farms as this could lead to food shortages? And third point, does the SSE Board agree that this politically motivated rush to net zero is going to impoverish the UK? I.e., permission refused to drill for oil in the North Sea, but at the same time, we import oil and gas.

John Manzoni

Thank you for your questions. Let me see if I could turn first to perhaps Martin Pibworth on the issues of the backup that we have for our wind, or the UK's wind for that matter.

Martin Pibworth, SSE Chief Commercial Officer

Thanks, Chairman. So clearly, there is a need for flexibility on the system for when the wind doesn't blow and the sun doesn't shine. The good news, from a UK perspective, is renewable penetration is increasing, but still, flexible backup will be required. We provide that from some of our gas power stations, increasingly we will provide that from some of the battery investments we're doing. And of course, we also have flexible hydro here in Scotland, which is also able to respond to system needs as they change. Over time, the market is going to go through its own kind of changes. People expect demand to increase, and more renewables to be built. And part of that longer term thinking about what the system requires is

behind some of our thoughts about investments in pumped storage going forward and some of the decarbonised flexible thermal technologies.

Shareholder B

Thank you.

John Manzoni

And let me see if I can address perhaps your second and third question perhaps together. The issue with the energy transition, of course, is that it is a transition. And our objective and the objective of the Government and the people of this country needs to be, can we see a future of energy in this country which is both more secure, which is more affordable than we have today? And we've seen some of the impacts of that when geopolitics get in the way and global commodity prices start moving. But of course, we have some huge and enormous and great resources here in this country so that our strategy is to build those future energy systems which will provide both the security and the affordability for the long run for this nation. We are also very concerned to make that a just transition. In any transition there are bound to be winners and some losers, and our objective is to make that, the losers lose as little as possible, because in the end this is for the future generation's benefit.

So we are very concerned to have a just transition. In fact, I believe we lead the way in thinking about how we make that a just transition. We employ all sorts of people from the industries that perhaps some of our investments are displacing. We don't control where the solar farms go or where the wind farms go. Those are, of course, dictated to us. We bid, of course, for them if they're available, but I would say to you that SSE takes a great deal of care on trying to make sure that the necessary transition to a future of energy security and affordability is as just as it possibly can be for all of those parties.

Sean Munday

Thank you, John.

Shareholder B

Thank you, Mr Chairman.

Sean Munday

Thank you, Martin. And thank you, Shareholder B, for your question. Now we've got a pre-submitted question from Climate Action 100+, and Ashley Thomas from Schroders is here today to ask that question on their behalf. So I'll ask Mr Thomas to please come to the question point. Thank you.

Ashley Thomas, Schroders Equity Fund Manager

Good afternoon. Chairman, members of the board, fellow shareholders, my name is Ashley Thomas. I'm an equity fund manager at Schroders. I'm here today on behalf of Schroders plc and my fellow Climate Action 100+ co-lead investors. CA100+ is the world's largest investor-led initiative with over 700 investors across 33 markets.

From SSE's net zero transition plan updates, most emissions reductions by 2040 are achieved through reduced load factors and plant end of life. The role for CCS and hydrogen blending seems limited. Therefore, one, does this imply that net zero generation at SSE can be achieved using current technologies and considering the current economic conditions? Two, how much of your net zero by 2040 emissions reduction target is dependent on new technologies and considering the current economic conditions? Three, what additional conditions in your view will you be asking of our new Government to enable SSE to deliver a fully decarbonised flexible power generation in the 2030s ahead of your 2040 target? Finally, what specific strategies do you have in place to influence policy or other dependencies and avoid the risk of locking in unabated emissions? Thank you, Chairman.

John Manzoni

Thank you very much for your question. And thank you also for the ongoing engagement between

CA100+ and SSE. Let me take those questions in turn. This year SSE published its transition pathway levers to meet its 2040 Scope 1 and 2 net zero target. The key to meeting that target is by substituting high carbon electricity generation with renewable energy. Roughly 80% of the target will be met that way with around 15% being met via carbon capture and storage or hydrogen for power generation. And we expect about 5% to be residual emissions that will need, somehow or other, to be neutralised. That means 95% will be achieved from current or well understood technologies. Neutralising the remaining emissions in 2040 will be achieved through either engineered or nature-based solutions. It's in this area we would hope to see further regulatory and technological developments in the next decade and beyond.

With respect to the policy development necessary for us to fulfil our plan, there are some key interventions we think are important. The first is to speed up the planning system. It can take 12 years to build offshore wind farms or overhead lines. It is in everyone's interest to do this more efficiently. Secondly, it's well understood that offshore wind is very good value for the consumer. The more there is and the quicker it's deployed, the better. We believe the next CFD auction needs to be done very quickly, followed by a sort of mega auction to meet the new government's 55-gigawatt target. And finally, we need accelerated delivery of the supporting technologies and infrastructure for flexible low carbon. In other words, hydrogen, CO2 pipes, and storage sites.

With respect to the Company's strategy to avoid locking in carbon emissions in the long term – and we do understand that the UK may need new generation capacity in the early 2030s – our approach is to pursue decarbonised generation from day one. If there's a need for a short period of unabated output, our approach is to make the case for regulatory conditionality. What that means is that any generator, not just SSE, would need to meet important conditions before developing new thermal generation. For example, that it's able to connect to a planned hydrogen network or it can access grid connections by 2030.

Ashley Thomas

Thank you, John.

Sean Munday

And thank you, Ashley, for your question. And I'll hand back to the question point to Ryan.

Ryan Bell

Thank you. If we could now get Shareholder C up to the lectern, please.

Shareholder C

Good afternoon. I'm a small shareholder of SSE and I've been for some considerable years. For transparency and by way of declaration of interest, I'm also a longstanding stakeholder of SSEN customer and customer representative for my own business, and that's predominantly in the southern region. Very quick question, out of the 347 pages of this year's Annual Report, why does customer service only get mentioned seven times?

John Manzoni

This is a very good question. What I would say to you is that it's not a deliberate act. We exist for our customers [and] we have many sorts of customers. Business customers, of course, in England and in Scotland, and we also have residential customers in Ireland in our electricity business. And customer service is a very important aspect in all forms, and that takes a whole range of activities. So I apologise for it being only seven times mentioned, but I can assure you it is not an unimportant piece of our business and our focus, and we spend a great deal of time particular in our networks businesses, in the distribution business, which is closer to some of those activities, to make sure that we take a great deal of care for our customers. You included, I hope.

Shareholder C

Thank you.

Sean Munday

Thank you, John, and thank you, Shareholder C. Back to Ryan at the question point.

Ryan Bell

Thank you. If we could now invite Shareholder D up, please.

Shareholder D

Good afternoon. The plan to build a new gas burning power station at Peterhead is built on the foundations of carbon capture storage, CCS technology, working. However, the evidence clearly shows that for decades now, CCS technology has not worked as it should and it's over-promised and under-delivered. CCS technology has been around since the 1970s and has a 50-year history of failure. Despite all of this time, its global CO2 capturing capacity is a minuscule 0.1% of all emissions. SSE are promising to capture 90% of carbon emissions, yet no carbon capture plan in the world has captured 90% of emissions. A recent study by Oil Change International found that global governments have spent over 20 billion of public money on CCS, yet there are no fully working carbon capture gas plants in the world. We also mustn't be duped by the fossil fuel industry's assurances that CCS infrastructure is safe and secure when there are still regular leaks and accidents involving conventional oil and gas infrastructure. In 2022, a CO2 pipeline, as part of a CCS project, burst and ended up poisoning a town of people in Mississippi. CCS is a lifeline for the fossil fuel industry in getting more oil and gas out of the ground, not about reducing emissions. An oil field in Canada that should have shut down in 2016 can now stay open for another 86 years because it's being used to prop up CCS projects. So, my question is, given the evidence that CCS has never done what's promised and is jeopardising our climate targets, why is SSE so confident that it will work at Peterhead and confident that they are the only exception to the rule?

John Manzoni

Thank you for your question. I'm going to turn in a moment to Martin to see if he could pick up some areas. Let me just make a couple of general points first. I think this is a complicated area because what we know is that the more renewable generation we put on the system, the more need we are going to have for flexible sources of generation to fill the gaps when the wind isn't blowing or the sun isn't shining. And we can see some countries which are a little ahead, we can see that variability and we can see the need for those flexible sources of generation. Today, the flexible sources of generation, have burned gas. And the question therefore is, how do we replace those? There are options. There are batteries, we have some hydro, there are other options, but we can see – and the UK, the Government has now accepted and acknowledged – that this is a pressing problem. They may need to build some more. We may need to have to do all of these things. And the question therefore is, what mix of technologies can we do? We at SSE are trying to encourage the policy mechanisms not for public money, but for private money, for our money, to put at risk. Of course they have to be protected, but to try to accelerate the development of the alternative range of technologies in order to meet this very wicked problem. We know we have to do it, the question is how best to do it? Martin, do you want to add anything to that?

Martin Pibworth

Firstly, thank you for the question. So, I describe the technology as pretty nascent, first of a kind, so I accept there have been demonstrators that have a mixed record globally. Although some of the examples you mentioned I didn't immediately recognise, but I'm very focused on UK in particular. We have projects at a couple of our power plants. I think you're probably thinking mostly of Peterhead where I've been working for many years to see if we can get carbon capture away at Peterhead. We are working with World-class OEMs who are doing very detailed feed studies. So it's a very, very professional job being done. And we are reliant on some of their expertise and some of our operational expertise on the generation side to try and make this work.

Ultimately, it's never really been done at scale, partly because the funding or the policy hasn't quite landed to allow that to happen, because we believe that the system, as I answered earlier, will need low

carbon and decarbonised flexibility to back up the renewable surge that we all want. And we think this is one of the better ways to pursue that on a low carbon basis alongside exploring hydrogen technologies as well. Be assured from an SSE perspective, we are doing it with a world-class engineering expertise in-house, world-class external engineering expertise, and world-class OEMs to make sure we do it properly.

John Manzoni

Thank you for your question.

Ryan Bell

Thank you. If we could now invite Shareholder E to ask a question.

Shareholder E

There's two questions. One was, the Scottish Government is very keen to replace natural gas with green hydrogen. Even if electricity was free, surplus, can green hydrogen be produced at a similar price to natural gas, which currently is about quarter the price of electricity? Taking into account the cost of the equipment to produce hydrogen, allowing for the cost of the loan and equipment and the maintenance, et cetera. And also bearing in mind 75% of the energy used in the UK is provided by gas, can there ever be a sufficient surplus electricity? That's three times the total electricity production currently. That's an enormous increase. The second question, [there are] reports about electric car chargers on lampposts, especially in places where people have driveways. But the average street lamp uses about a hundred watts and overnight charger uses 7,000 watts. How practical is this?

John Manzoni

Thank you. On green hydrogen ... It's very similar to Martin's earlier point. This is an early stage technology. SSE are doing some early pilot plants. We are working with the Government to try to find ways so that we can understand the hydrogen value chain including the production of green hydrogen. And of course, that can be produced on some of our sites at times. It's not economic as we stand today, but we are working very hard to do some of that. But it's one of those technologies aimed at transitioning us off.

Of course, at the highest level, transport is a core use of hydrocarbons still. The electrification of that ultimately is a goal and it is probably inevitable, and is a significant contributor to the inexorable increase of electricity demand in the country and in the world actually. So therefore, that is exactly why we are focused on some of those activities, but we're also focused on the generation of the electrons that will be needed to meet that demand. Martin, do you want to add anything?

Martin Pibworth

Again, thanks for the questions. Firstly, on the green hydrogen, again, it's at a very early stage. If you imagine a market 10, 15 years from now with maybe double or treble the offshore wind, there'll be points of surpluses which will slightly change the cost curve. And the other thing that came to mind when you were asking the question is, the example of offshore wind itself, where 10 years ago it probably cost almost three times, certainly two times the price of offshore wind today. So, once you start deploying a technology, you get an efficiency in the cost curve that makes it a bit more competitive.

The second question on EV, I don't actually know the answer on lampposts, which I think is what you're asking, or the efficiency of that. From our perspective, we are concentrated on building EV hubs. We just opened one up on Kingsway in Dundee, and obviously that, initially, we are looking to create kind of a mass supply for customers who want it rather than perhaps the individual examples you were talking about. And I can't really see us changing that focus for certainly the next few years, but maybe I'll come and speak to you afterwards and just check with a colleague at the front who will know more about it than I do at the end, if that's okay?

Shareholder E

Yes. Thank you.

John Manzoni

Thank you for your question.

Ryan Bell

Thank you. If we could now have Shareholder F, please?

Shareholder F

Hello, ladies and gentlemen. Good day, Mr Pibworth. By the way, ladies and gentlemen, Mr Pibworth is the only director I've ever experienced after the AGM coming to share a few words with shareholders. I wish more directors would do so. Other AGMs I attend, you tend to meet everyone, the directors, after the AGM. You're in charge of a very big budget, something like £4bn per annum, for procurement, and there'll be a lot of wind turbines in there. And there have been a lot of wind turbines purchased by SSE. It would be nice to think we could manufacture more parts thereof. So, for example, the blades. And the suggestion I might try and make would be to try and get a little consortium together early, start now, to see if we can't get a few companies together to see if we can manufacture more of the wind turbines and for example, the turbine blades.

Maybe Rolls-Royce who have a lot of experience of designing and manufacturing very high-tech turbine blades which operate in exceedingly challenging environments. And I note Mrs Strank is a non-Executive Director of Rolls-Royce. That's one suggestion for a wee consortium and there's other manufacturers, chemical companies that manufactures resins. There's a British company that manufactures carbon fibres. They make paper as well. But get them together. And of course, SSE staff who are maintaining wind turbines can input to such a thing, to manufacturing, say a turbine blade, based on their experience. Because we've noticed that Siemens Gamesa and I think Vestas also have had issues with delaminating blades.

Anyway, my point is, SSE spend a lot of money ordering, purchasing wind turbines. Perhaps because we have a big presence in Scotland and make a big use of Scotland landwise and so on, a manufacturing facility in the West, East of Scotland, I should say. And some of these engineers that are coming out of the North Sea looking for jobs. And maybe next year, if I can make it next year, I'll ask this question again, see if you've actually got any progress on that?

John Manzoni

Sure. Well, thank you for your point. I'm going to ask Martin again, who is in charge of procurement. Of course, the first point to make is that the decision to locate any particular plant in a particular place is the supplier's decision, not ours. We can encourage it, we can work with them, and indeed we have done, and I'm sure we can find some examples where we have done that. But UK content is of course an important aspect as we think about our projects. We talk about it at the Board, we think about what policies, what commitments we can make in order to encourage exactly what you have described. So with that as a context, Martin?

Martin Pibworth

Yeah, just maybe two points to add. Firstly, for wind turbines, the global supply chain's actually matured a lot. There are established bases. And you mentioned a couple of companies that we would deal with in that regard, and some of them, or at least one of them has an English manufacturing presence, but most of the manufacturing is elsewhere. However, to the Chair's point about encouraging local supply chain, we're working on other projects where we are looking to try and help supply chain in for some of our transmission projects. Obviously we've had a good success with Sumitomo locating a cable factory in Scotland. So, we do completely understand the points about encouraging local supply chains and I'm sure every business is committed to that. But on the specific example you mentioned, there are established supply points globally already.

Shareholder F

Secondary point is to do with Principal Risks. And we've observed in the news, Russian submarines have been operating in our waters and they spotted one off south of Ireland where a transatlantic cable comes ashore, and the Royal Navy were chasing Russian submarines in the Irish Sea and so on and so on. And your Principal Risks, numbers one to 12, I do hope that you speak to the MOD, I suppose it would be, to see if we are ready for potential attacks by Russians on things like these long transmission cables down the East Coast. And also 130km off the Yorkshire coast You've got some substations planned or installed and the Russians will be looking at these things. They're totally unpredictable. So hopefully SSE, with all your infrastructure, are encouraging the Royal Navy and so on to see if we can come up with means to monitor these facilities that you've either got installed or planning to instal. Because the Russians have been looking at this. I don't think I need to tell you that, just mention it.

John Manzoni

So I'm going to ask Alistair to make a comment just because otherwise he might feel left out. But in a general sense, we do have a conversation with the Government of course because we operate critical national infrastructure and in those instances we do have discussions with the Government. Alistair is there anything you want to add to that specifically?

Alistair Phillips-Davies, SSE Chief Executive

Yeah. We obviously run a lot of critical national infrastructure. We interact with regulators and the Government and whether that be the MOD or GCHQ, particularly on things like cyber risks. And I think at the moment we're not actually at war with anybody else, whether it be the Russians or anybody else.

I think in terms of the resilience of those assets and how we view them, they are built for a peacetime situation. So yeah, they would be vulnerable to attack from somebody if they so chose to do that.

However, the Government are obviously well aware of what those critical assets are and that's why indeed they do deploy the Royal Navy and things like that. But that is very much a matter that we leave for them, but we cooperate with them whenever we need to.

If we're asked to do things around securing those assets in any particular way or monitoring them, we obviously have a lot of monitoring and testing equipment around them. There's also a great diversity of these assets as well. If you think about the number of turbines that we have out in the sea, number of different cables that we put out, and things of that nature.

And that obviously applies onshore as well when we've got big transmission infrastructure and things of that nature. So those conversations do happen and I think be assured that we take the advice and we do whatever we're told, encouraged to do by regulators or government.

Shareholder F

Thanks so much. And one last thing. I have experience over the years of attending AGMs in various places and I have to express some disappointment with the way you operate your AGM. You almost feel unwelcome. Do I say it? I have to say it. And I've been waiting, holding this back for a few years. I don't understand why you have to start at half past 12. Most AGMs tend to start at 11:00 and we note that come about two o'clock you start getting a bit itchy, trying to get us all to stop asking questions and discussing.

So the time we have for this shouldn't be limited. I don't understand why you don't start at 11:00, and hopefully maybe some of the ladies and gentlemen here present would like to comment. Don't just have it coming from me. It's also, it seems a bit niggardly or parsimonious, the fare we now get at the AGM. A few years ago, you'd even get a bag of snacks but now, in the last couple of years, all it is is a few biscuits and a cup of coffee and some of us have left. We travelled quite far today to be here and we've prepared for the AGM, we've read the report, and so on. I think I have to say compared to other AGMs, even ones I've been to this year, the fare is just hopeless and I wonder why you do that.

It just doesn't look good. And you get the feeling, dear sir, certainly from my own point of view, that we're not welcome, that we're just a damn nuisance. And I noted, I've said it already, other AGMs I've been to you get the chance to have a few words with the Board. They like to take an interest. You fellas just disappear. But Mr Pibworth, you've consistently been kind enough to appear and it's very much appreciated. So why is SSE doing this?

John Manzoni

Thank you. First of all, I think your representation here, you personally and the other individual shareholders, are a very important aspect of governance in the UK system and we do believe this to be a very important interaction. That's why we have a hybrid meeting where we invite people. It's certainly not our intent to make you feel unwelcome. So I hope we can do better to make you feel more welcome.

Just to explain perhaps why some of us disappear after, as we have quite a packed schedule in the day, which is the problem, we have our own staff to interact with, which we have to do while the board is together. We're all here in Perth in person to see our shareholders, including you. So, I want us to make sure that we can make you feel as welcome as possible. I'm not sure about the quality of the biscuits. I don't know about that, but we'll try and make it as welcoming as we can for you because it is important. I can assure you of that. Thank you for your question.

Shareholder F

Just to clarify though, a few years ago, there used to be a bag available to all the shareholders. You pick up a bag and there were snacks in there and that happened more than once. That's gone. So it's not as if you didn't know it happened.

John Manzoni

I'm sure the team will take that into account and we'll reflect on how to deal with that for the next time. Thank you.

Sean Munday

Thank you John. And thank you Shareholder F. I think we now have Shareholder G with a question. Thank you.

Shareholder G

I would just like to start by thanking Ryan for his kindness. Chairperson, ladies and gentlemen, I have one question and will be very very brief. I refer to the significant financial liabilities on the balance sheet on page 310 and taking into account the breach of licences highlighted by Ofgem and other issues elsewhere. When are the Chief Executive and the Chairperson going to resign? And that's my question. Thank you very much.

John Manzoni

Thank you. We have no current plans for the Chair nor the Chief Executive to resign.

Shareholder G

Thank you.

John Manzoni

Thank you for the question.

Shareholder G

Thank you very much.

Sean Munday

There we go. And if I could now invite Shareholder A back up for his remaining questions.

Shareholder A

I note in your annual report your relatively new renewable energy ventures in Japan and on the European continent. While I appreciate that the Japanese plans are still at an early stage and won't yet be profitable, my question is: are the new European enterprises profitable? And if they're not, when do you expect them to become profitable and could all this diversification be a distraction from your core business in the UK and Ireland?

John Manzoni

So let me answer the last part of your question and turn to Martin to fill in some of the details and answer also the Southern European question. As you know, we have a demanding position in the UK and Ireland and we value that and we treasure it and we work very hard to make sure that that is executed well and continue to be refreshed and renewed. And that is a very important part of our strategy.

We have said that we will, with caution, venture to diversify that portfolio, that asset base outside of those core areas. But we have been cautious. You will have noted that we have not made many of the moves that other competitors have made in the last most recent period of two or three years, because we have been cautious about how we do that. We do believe; however, that directionally that is something that is important for the Company in the long run.

You will have noticed that we have moved into a licencing auction round in the Netherlands, which is in the North Sea. We have a consistency of supply chain, we have knowledge of that. That is an example of our cautious and thoughtful move as we diversify our portfolio outside of the UK because I think in the long run that is probably going to be beneficial to shareholders and we have to be very thoughtful and careful how we do it, and we are being. Specifically, on Southern Europe, Martin, is there anything else that you'd add ...

Martin Pibworth

Again, thanks for the question. What we have bought in Southern Europe and acquired in Japan are platforms of opportunity to build out renewables. For Southern Europe, it's onshore wind; in Japan, it's offshore wind. With those platforms came good capability. So we had capability arrive with those platforms. Very pleased to say we've been able to add to that capability as well.

And the logic behind those investments are they are operating or they'll be built out in jurisdictions that have a high demand for renewable energy and a high demand for the skill set. I agree with you. They are platforms, they're options, they don't get into profitability until we start building out the pipeline.

In Southern Europe we've started doing that. We have a project away in Spain. We have a project away in France. In Japan, as you say, it's a bit longer burn and we'll see how Japanese offshore policy develops.

Shareholder A

Okay, thank you. The questioner who unfortunately had to leave, he was a local landowner close to one of your development sites and he was concerned about contractors failing to follow health and safety rules on his land and he claimed to have contacted SSE on numerous occasions and had either nil or insufficient responses. And given the unfortunate death of Richard Ellis in the last year, this did worry me. And I wonder just how closely you do ensure that your contractors do follow health and safety rules rigorously.

John Manzoni

Well, the answer to your question is we concentrate on safety a great deal both at the Board and at the

executive. And we've taken some very recent steps as a result, not only of the tragic death of Richard, but as we continue to ramp up our contracting activity because we know that as we increase our accelerated investment programmes, a lot of that activity will be contractors. So we've put a great deal of attention on that in at least several ways. In fact, yesterday at Helen's Committee [the SSHEAC] we examined an in-progress piece of work that is tightening up the specifications for any contractor on an SSE site. The specifications that we require so that we can ensure that the right culture, the right behaviours, the right activities take place on behalf of us on our sites. We have built here in Perth something we're calling an Immersive Training Centre, which is a behavioural activity through which ... I think somebody said we had 3,800 people through this year. We planned to put 7,000 people per year through that activity, which fundamentally strengthens their awareness and understanding. And that is including all our contractors, so their understanding of safety cultures and such things.

So we're taking a great deal of care about this. I think we recognise that as we go forward there will be more and more contractors working on behalf of SSE and we do need to strengthen. We're very proud of our safety record and I think that SSE is right up there with the best, but we can always get better because if somebody gets hurt on our site, that is very, very important. And so therefore we are taking a great deal of care to manage that interface better and better.

Shareholder A

Thank you. Finally, I notice your construction of battery storage projects. I'm a chemist as well as an environmental scientist and I'm well aware that the development of renewable energy does have significant environmental costs and particularly the mining of lithium can be very environmentally damaging. So my question is are the new batteries you are installing lithium or sodium based? Because the only chemical difference with sodium, which is very much cheaper and it's much more easier to extract without environmental harm, is that it's heavier. So sodium ion batteries for a given amount of storage capacity are much heavier.

Now, while this matters in motorcars where you're moving them around, it really doesn't matter for static storage. And now that sodium-based batteries are being developed or have been developed in the UK, it's just to ask, are your batteries sodium- or lithium-based? And if not sodium, why not? Thank you.

John Manzoni

I wouldn't pretend to take on a chemist. I'm going to turn to Martin ...

Martin Pibworth

Thank you to the Chair. I will come and speak to you afterwards and ask about your expertise on that. You know much more than I do. So, thank you.

Shareholder A

Thanks very much.

John Manzoni

Thank you for your questions.

Sean Munday

Thank you, Martin. Thank you, John. And thank you Shareholder A for your insightful questions as always. So, there being no further questions in the hall today and no questions through the online platform. I'll hand back to the Chair to proceed with the main business of the meeting. Thank you.

John Manzoni

Thank you, Sean. And thank you for all of your questions. I'm sorry I can't hear you.

Shareholder A

Sorry, one last thing. Will the AGM continue to be held in Scotland?

John Manzoni

For the moment, we have no plans to move, to change the arrangements of our AGM. We are based here in Perth..

Shareholder A

I appreciate it. Really, because we've lost so many AGMs and companies from Scotland.

John Manzoni

No, no. Thank you for your comment.

Test vote**John Manzoni**

We will now move with your agreement to the formal business of the meeting. I now remind you of the voting procedures before summarising the 24 resolutions detailed in the notice of meeting, which I propose we take as read. Voting on the resolutions will be done today by way of a poll. The poll will be conducted using handsets for those of you here in the hall. To follow proceedings, the 24 resolutions are set out in the notice of meeting and they will also be displayed on the screen behind me.

But first, we will conduct a test vote. If you experience any issues with the handsets in the room, please alert a member of the SSE team on the floor. If you think that we call our five-year investment programme NZAP Plus, please press 1. If you think we call our five-year investment programme the NZAP Extra, please press 2. If you're not sure or you wish to withhold your vote, please press 3. If you could please cast your vote now. Thank you. And on the screen I suppose you ought to see the test vote results. There we are. And for the avoidance of doubt, the correct answer, of course, is that we refer to our investment programme as the NZAP Plus. That concludes our test vote.

Once again, if anyone experienced any difficulties voting in the hall, please make yourself known to one of my colleagues who are now raising their hands to identify themselves.

Voting opens

To ensure everyone has enough time to vote, I now declare the voting open on all resolutions for any shareholder, proxy, or corporate representative. Voting will remain open for the duration of the meeting and I will alert shareholders before the voting closes.

If you've cast your vote by proxy, you may still vote and this will supersede your original proxy vote. If you do not vote using your handset, your proxy vote will still be counted. A vote withheld is not a vote in law and will not be counted in the calculation of the number of votes for or against a resolution.

Resolutions one to 20 are being proposed as ordinary resolutions which require 50% of the votes cast to be in favour in order to be passed. Resolutions 21 to 24 are being proposed as special resolutions which require 75% of the votes cast to be in favour in order to be passed. The full text of each resolution is set out in the Notice of Meeting.

In **Resolution 1**, we're proposing that shareholders receive the financial statements and reports of the Directors and of the auditors for the year ended 31 March 2024. **Resolution 2** is proposed to approve the Director's Remuneration Report for the year ended 31 March 2024. **Resolution 3** is proposed to declare a final dividend for the year ended 31 March 2024 of 40 pence per ordinary share payable on 19 September this year.

Resolutions 4 to 15 relate to the election and re-election of Directors in line with the requirements of the UK Corporate Governance Code. More detail on why each Director's contribution is and continues to be

important to the Company's long-term success can be found in the Notice of Meeting and in this year's Annual Report.

In **Resolution 16**, shareholder approval for the reappointment of the external auditor, Ernst & Young LLP is requested. If approved, EY will be appointed as auditor until the conclusion of the next general meeting at which financial statements are presented.

Resolution 17 seeks shareholder approval for the Audit Committee to have authority to determine the remuneration of the auditors. In **Resolution 18** shareholders are asked to receive SSE's net zero transition report for the year ended 31 March 2024. And in doing so, consider and approve it on a non-binding advisory basis.

Resolution 19 seeks authority to allot shares up to one third of the Company's issued share capital excluding Treasury shares. The directors have no present intention of utilising the authority conferred by this resolution except in connection with the Company's script dividend scheme and the exercise of the options under the Company's employee share plans.

Resolution 20 seeks authority to renew the script dividend scheme for a period of three years. Before I continue with the special resolutions, please be reminded that the voting is open. If you need assistance to cast your votes, please make yourself known to one of the SSE team.

Resolutions 21 and 22 will be proposed as special resolutions. If passed, the Directors will have the authority to allot a limited number of ordinary shares or other equity securities or sell treasury shares for cash without first offering them to existing shareholders in proportion to their shareholding.

The authority in **Resolution 21** would allow the Company to issue shares up to 10% of the issued share capital without preemptive rights and the cash proceeds could be used for general purposes.

The authority in **Resolution 22** is slightly different and would allow the Company to issue shares without preemptive rights up to a further 10% of the issued share capital. In such circumstances, the cash proceeds could only be used in connection with the financing or refinancing of a specific transaction.

Resolution 23 seeks authority for the Company to purchase its own shares in the market. This special resolution renews the authority that was given at last year's AGM and will, if approved, provide the Company with authority to make such purchases. Up to 10% of the Company's issued share capital excluding Treasury shares. The Directors will seek to purchase shares where they believe it would be in the best interests of shareholders generally, such as to manage any excess share dilution created by the take-up of the script dividend option.

Resolution 24 is the final special resolution and it seeks authority for the Company to call general meetings with 14 days notice, in line with standard practice for a large FTSE company.

Voting closes

So that concludes the summary of the proposed recommendations. I would like to advise all shareholders if you've not already done so, please submit your votes now. And thank you for that. The voting is now closed.

The proxy votes submitted in advance along with the votes submitted electronically today via the handheld devices and online are shown now on the screen behind me. As you can see all resolutions have been passed.

The final voting results will be announced to the London Stock Exchange and posted on our website as soon as possible after scrutineering by Computershare, our registrar. And that concludes the formal proceedings of the 35th annual general meeting of SSE.

Thank you

Before bringing the meeting to a close, I'd like to thank our sign Language Interpreters, Marie Elliott and Julie Wilson for their assistance today. And I thank all of you for joining us today. As shareholders, your input is vital to the SSE's conducting continuing success, and the board does value the opportunity presented by this AGM to engage directly with you.

Thank you. And with that, we will close the meeting.

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