

# Group Financial Management Policy

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## Policy statement

SSE operates within a clearly defined financial framework to fairly remunerate shareholders while maintaining a sustainable level of dividend cover and a strong balance sheet.

## Policy purpose

This policy is intended to maintain SSE's established reputation for lawful and ethical behaviour and for financial integrity in all aspects of its business.

The purpose of the Financial Management Policy is to maintain effective financial controls and governance, meet external and internal reporting requirements, manage business unit risk and apply discipline to investment transactions.

This policy is owned by the Director of Group Reporting and is one of a suite of group-level policies that promote a healthy business culture, guide decisions and actions as expected by the company's stakeholders, and make SSE a responsible company that people want to invest in, buy from, work for and partner with.



**Campbell Davidson**  
Director of Group Reporting



**Alistair Phillips-Davies**  
Chief Executive Officer



## POLICY PRINCIPLES

The following principles highlight how we expect the policy statement to be achieved, and should be used to guide behaviours, decision making and action:

Group Financial Policies	<ul style="list-style-type: none"> <li>• SSE operates within a clearly defined financial framework that includes Group-defined Accounting, Financial Reporting, Tax and Treasury policies and compliance with all applicable financial reporting, tax, corporate governance, regulatory and legal requirements in each jurisdiction in which the company operates.</li> <li>• As a listed plc, SSE is subject to an annual statutory audit conducted by an independent auditor appointed by the Group's Audit Committee.</li> </ul>
Group Reporting Requirements & Structures	<ul style="list-style-type: none"> <li>• SSE maintains an effective financial control and reporting framework and presents relevant external and management information in a fair, balanced and understandable manner in order to meet the operational and strategic needs of the Group.</li> </ul>
Group Internal Reporting	<ul style="list-style-type: none"> <li>• Financial planning &amp; analysis (including the annual budget process) is carried out in accordance with the Group's defined metrics and conventions and in order to meet the operational and strategic needs of the Group.</li> <li>• All planning, budgeting and monthly reporting requirements are managed in line with SSE's Financial Calendar.</li> </ul>
Financial Governance Framework	<ul style="list-style-type: none"> <li>• SSE maintains an efficient decision-making framework with clear procedures to govern and control the delegation of financial authority limits.</li> <li>• The financial control framework in each division supports the management of risk to an acceptable level enabling the Board to meet their obligations.</li> <li>• The roles and responsibilities in SSE Finance are well defined and adhered to.</li> <li>• Appropriate controls over SSE's financial systems are maintained to ensure the integrity of SSE's financial records.</li> </ul>



## ROLES AND RESPONSIBILITIES

This policy applies to all SSE employees and contingent workers. It is relevant to people contracted to provide services to the Company through third parties.

Where we operate internationally, we will utilise our Group Policies as a default however subject to legal or regulatory requirements of the relevant international domain we may underpin these with local policies and supporting procedures.

SSE's **Financial Leadership Team, the Business Unit Finance Directors and Controllers and other senior managers** are responsible for making sure that their teams and colleagues understand and comply with the policy and supporting procedures as well as complete any relevant training.

The policy is owned by the **Director of Group Reporting** with nominated responsible subject matter experts in central Finance functions such as **Tax, Treasury, Corporate Finance, Finance Operations and Financial Systems** being accountable for maintenance of specific policies, processes, controls and guidance. These specific documents will be maintained in the 'Group Financial Policies Manual' (GFPM) which is accessible to all SSE Finance employees.

**All SSE Finance employees** must comply with the policy and supporting procedures and complete all relevant training.



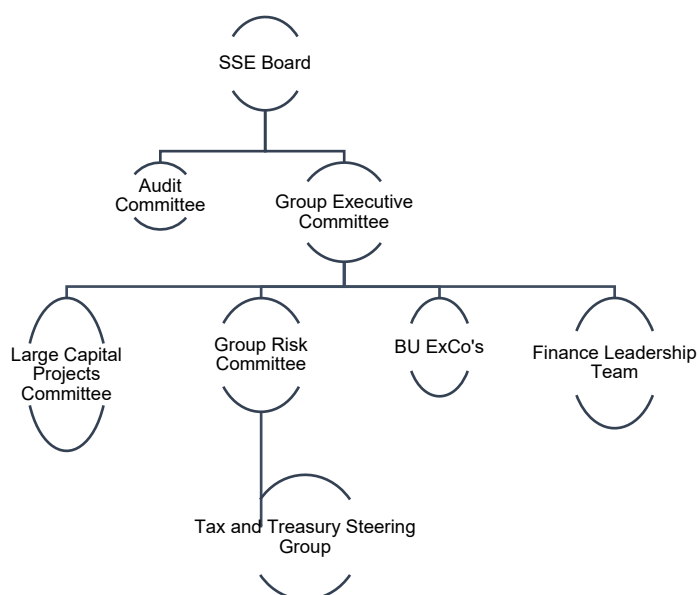
## GOVERNANCE

The **SSE plc Board and Group Executive Committee** are responsible for the oversight for this policy including the approval of any changes to the policy. This policy is reviewed annually as part of an evaluation process.

The **Director of Group Reporting** is responsible for the maintenance of the policy and for making sure that the policy is adhered to through engagement with **SSE's Business Unit Finance Directors and the Finance Leadership Team**.

Incidents and breaches are reviewed and, where appropriate, opportunities for improvement are actioned.

The External Auditor reports to the Audit Committee on SSE's financial controls and judgements. The **Audit Committee** is responsible for reviewing and monitoring the objectivity and independence of the **External Auditor**. Large capital projects are governed under the **Large Capital Projects Governance Framework**.





## TRAINING

A variety of training for both financial and non-financial managers is available to support this policy. Role specific training is provided as required through line management.



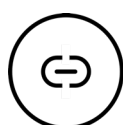
## SPEAKING UP

SSE's divisional Finance Directors and senior Finance staff are responsible for the adherence to and adoption of policy in their businesses and areas of control. Breaches identified will be followed-up by Group Reporting or other Central finance teams as identified. Mechanisms for capture of and response to breaches will be implemented and applied as required.

If an employee becomes aware of anything that falls short of our expected high standards of ethical conduct and compliance, they can discuss it with their line or any other manager within the business. Alternatively, when that is not possible any concerns can be raised through the internal reporting method at [Speakup@sse.com](mailto:Speakup@sse.com) or externally through SafeCall on one of the following channels:

- Phone:
  - UK - 0800 915 1571
  - Ireland - 1800 812 740
  - All other countries +44 800 915 1571. If you are more comfortable speaking in your own language, an independent telephone interpreter will be made available.
- Email: [sse@safecall.co.uk](mailto:sse@safecall.co.uk)
- [www.safecall.co.uk/report](http://www.safecall.co.uk/report)

*Any wrongdoing brought to light through the Whistleblowing Policy will result in internal disciplinary procedures, possible dismissal and criminal prosecution of individuals involved.*



## SUPPORTING DOCUMENTS

The Policy will be supported by formally documented accounting policies, processes, frameworks and guidance maintained under the 'Group Financial Policies Manual' (GFPM) which is accessible through [SSEnet](#). Further documentation will be issued in the GFPM in 2021.

Additional documents available to provide further guidance and support include

- PR-FIN-021 [Financial Approvals Framework](#).

Complementary Policies include

- PO-GRP-017 [Group Taxation Policy](#).

Comments and feedback on this policy and its application are welcome.

Please contact [campbell.davidson@sse.com](mailto:campbell.davidson@sse.com)