

SSE Board Diversity Policy

1. Introduction

The Board Diversity Policy sits alongside SSE's Group-level inclusion and diversity strategy, and sets out the approach that will be adopted to ensure that Board membership remains appropriately balanced, and relevant to the Company's operations. In line with this, the Board and Nomination Committee commit to the implementation of the measures set out below, which seek 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 ongoing review. This will include monitoring the balance of skills, knowledge, experience, gender and ethnicity as appropriate, and using this to inform changes to membership and succession plans as required.
- **Director appointment**
Prior to any appointment, the Nomination Committee will evaluate the current balance and diversity of the Board, and identify any specific qualities or characteristics which are required to ensure its continued and effective operation. 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.
- **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 merit, with due consideration of any agreed objective criteria, and will involve assessment of whether candidates complement and enhance the overall capability of the Board and support the delivery of SSE's 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 encouraged. Steps will also be taken to guard against group-think and to seek a broader range of views where required.
- **Talent Pipeline**
The Board and Nomination Committee will oversee work and progress in relation to the diversity of 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 plans.

3. Monitoring and reporting

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

- how the Board Diversity Policy has been applied and implemented, including details of any measurable objectives set and progress achieved; and
- the process it has used during the year in relation to Board appointments.



Richard Gillingwater
Chairman



Sally Fairbairn
Company Secretary

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