



# Governance

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## Chair's introduction

# Leading through change

The Board's commitment to careful stewardship and good governance continues as SSE embarks on a new chapter of opportunity and growth.



In 2024/25, SSE continued to play an integral role in meeting the climate emergency head on. We have developed our portfolio of assets, projects and opportunities in line with our commitment to delivering our five-year, c.£17.5bn clean energy investment plan by 2027: the Net Zero Acceleration Programme (NZAP) Plus. And we're preparing for another significant growth phase across the Group to 2030 and beyond. Our diverse portfolio has given us options and resilience in what has been a highly complex operating environment.

We're also moving towards a new era of leadership as we welcome Martin Pibworth as our new Chief Executive and Hixonia Nyasulu as Senior Independent Director. I'm confident that, with these appointments and the guidance of the Board, we will continue to deliver on our strategic and financial objectives as we prepare to accelerate towards our net zero ambition.

### Ensuring strategic progress

The Board's work this year has been focused on the NZAP Plus and planning for the growth that will follow to 2030 and beyond. We receive regular updates on progress against NZAP Plus targets and engage extensively with teams across the Group. This ensures we maintain an understanding of all aspects of delivering and operating energy infrastructure projects. These insights inform our decisions on how best to allocate capital to support the energy transition for the benefit of society, while also creating a return on investment for our shareholders.

This year, in response to a dynamic and complex macro environment, we have made the decision to revise our NZAP Plus plan to around £17.5bn. An overview of our work during the year is on [pages 94 to 101](#).

For updates on the work of our Board Committees, see the Committee Reports on [pages 107 to 153](#).

### Engaging with our stakeholders

To support our work in building a better world of energy that's clean, affordable and secure for our society, we continued to look for opportunities to connect with our stakeholders during the year.

As in previous years, I met with investors and engaged on a range of matters – from strategy and performance to sustainability and governance. And with our Remuneration Policy up for shareholder approval at the upcoming Annual General Meeting (AGM) in July 2025, we offered our top 30 shareholders the opportunity to discuss and give feedback on the proposed changes.

We were encouraged by the clear statement of intent in the UK Government's Clean Power 2030 Action Plan. The Board has overseen an extensive programme of engagement with government, policymakers and regulators to continue to position SSE as a critical delivery partner in achieving that aim. We also oversaw the submission of SSEN Transmission's RIIO-T3 Business Plan, which will be key in delivering national climate and energy security targets over the longer term.

SSEN Transmission's Pathway to 2030 investment programme signals an acceleration in the delivery of critical infrastructure. We're keenly aware of the lasting impact this can have on local communities and the need to provide customers with affordable and efficient energy. As we work to balance these needs with the demand for essential infrastructure for the UK's net zero ambitions, we're staying updated on the results of extensive consultations being carried out on these projects.

SSE's supply chain is an important enabler to delivering the NZAP Plus and securing future growth. So we continue to find new ways to work with and learn from our business partners. At our annual strategy day, we examined supply chain dynamics and heard directly from external speakers, including our suppliers.



**It's more important than ever that we reaffirm our commitment to doing the right thing and fostering a culture that celebrates our differences and amplifies under-represented voices."**

### Connecting with our people

One of our most important stakeholders are, of course, our people. The Board has continued to engage directly with employees across SSE to create a richer range of discussions and learning opportunities. Our activities are enhanced by the work done by Lady Elish Angiolini, our Non-Executive Director for Employee Engagement – see [page 100](#) for more.

Along with many of my fellow Board members, I've been fortunate to spend time with field-based colleagues immersing ourselves in safety at SSE's industry-leading training centre in Perth. It was clear to me how deeply the value of safety resonates with colleagues across the Group, as part of our wider business culture.

## Chair's introduction continued

As we navigate an evolving political landscape, it's more important than ever that we reaffirm our commitment to doing the right thing and fostering a culture that celebrates our differences and amplifies under-represented voices.

We resolutely believe this commitment is crucial to our strategic progress. It should be reflected not only across our workplace but also exemplified by our senior leadership and the Board.

### Strengthening our leadership

2025 will see significant changes on our Board, with our Nomination Committee having successfully overseen two key succession processes.

As announced in March 2025, Martin Pibworth will succeed Alistair Phillips-Davies as Chief Executive after the July AGM.

Having spent 28 years with SSE and 12 years as Chief Executive, Alistair leaves behind an exceptional legacy and a diversified portfolio that positions SSE well for long-term growth. Under Alistair's leadership, SSE has become a clean energy champion in the UK and Ireland, delivering true and lasting value for all stakeholders. On behalf of the Board, I want to thank him for his inspirational leadership and impeccable service in this role.

Martin Pibworth is a well-known figure at SSE, having been with the Company for nearly three decades. He held several key commercial roles at SSE and joined the Board in 2017. As Chief Commercial Officer, Martin has overseen SSE's Renewables, Thermal, Energy Markets and Energy

Customer Solutions businesses. His deep understanding of energy markets and large capital projects has been at the heart of our strategy and delivery – and his industry experience, stakeholder insight and commercial acumen are second to none.

Martin was appointed after a robust and highly competitive recruitment process, supported by independent recruitment specialists Korn Ferry and involving both internal and external candidates. He was the stand-out candidate, and I'm excited to be by his side as he leads SSE through the next phase of opportunity and growth.

Helen Mahy, our current Senior Independent Director (SID) and Chair of the Safety, Sustainability, Health and Environment Advisory Committee (SSHEAC), will not stand for re-election at our upcoming AGM. I'd like to thank Helen for her invaluable commitment and experience over the last nine years. Dame Angela Strank will become Chair of the SSHEAC after the AGM.

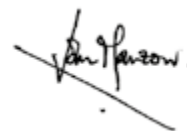
We're delighted to welcome Hixonia Nyasulu, who joined the Board in January. She adds a depth of experience in international markets across the energy sector, as well as industrial and financial services. Hixonia will step into the role of SID and join the Audit Committee and SSHEAC after the AGM.

We believe these changes reflect our ongoing commitment to a Board culture that welcomes a wide range of views, perspectives and experiences. For more, see the Nomination Committee Report on [pages 107 to 112](#).

### Assessing our performance

In line with the three-yearly cycle, we conducted an externally-facilitated Board performance review with the support of independent reviewer Heidrick & Struggles. I was pleased to note that the 2024/25 performance report confirmed that we operate at a high standard. We've now integrated all actions proposed into our workplan for the year ahead. For more on the performance review process, see [pages 105 to 106](#).

I hope this Governance Report provides a clear and meaningful account of the Board's work during the year and our efforts in underpinning SSE's long-term success.



**Sir John Manzoni**  
Chair, SSE plc

20 May 2025



▲ Sir John learns more about safety processes on a visit to the Ryde depot on the Isle of Wight



## Board of Directors

			
<b>Sir John Manzoni</b> Chair	<b>Alistair Phillips-Davies CBE</b> Chief Executive	<b>Martin Pibworth</b> Chief Commercial Officer and Chief Executive designate	<b>Barry O'Regan</b> Chief Financial Officer
<p><b>Committee membership</b></p> <p><b>N</b> <b>E</b> <b>S</b> <b>R</b></p> <p><b>Date of appointment</b> Non-Executive Director since September 2020 and Chair from April 2021</p> <p><b>Career and experience</b> Sir John brings to SSE wide-ranging executive and non-executive experience across the energy industry and government. Over 24 years at BP, he held a number of senior roles including Chief Executive of Refining &amp; Marketing, and was a member of the main Board. He then became President and CEO at Talisman Energy Inc before moving to the UK Government, where he was Chief Executive of the Civil Service and Permanent Secretary of the Cabinet Office.</p> <p><b>Skills relevant to the SSE Board</b></p> <ul style="list-style-type: none"> <li>– A dynamic and engaging leader with diverse perspectives from multiple sectors, organisational settings and geographies.</li> <li>– Experienced in governing large-scale business operations, leading reform, managing complex projects and driving business performance.</li> <li>– A strong communicator who understands how to successfully develop and manage stakeholder relations.</li> <li>– Working knowledge of the energy regulation, government and policy considerations underpinning net zero.</li> <li>– A sharp focus on SSE leadership, succession planning, and inclusion and diversity</li> </ul> <p><b>Key external appointments</b></p> <ul style="list-style-type: none"> <li>– Non-Executive Director and Chair of Diageo plc.</li> <li>– Non-Executive Director of KBR Inc.</li> </ul>	<p><b>Committee membership</b></p> <p><b>Date of appointment</b> Executive Director since January 2002 and Chief Executive from July 2013</p> <p><b>Career and experience</b> A chartered accountant, Alistair joined SSE in 1997. Before joining the Board in 2002 as Energy Supply Director, he was Director of Corporate Finance and Business Development. In 2010, he became Generation and Supply Director, before moving to Deputy Chief Executive in 2012 and Chief Executive in 2013.</p> <p><b>Skills relevant to the SSE Board</b></p> <ul style="list-style-type: none"> <li>– Contributes sound executive leadership and a considered approach to strategy, central to the Net Zero Acceleration Programme Plus and sustainability plans and targets.</li> <li>– Broad knowledge of British and European energy markets.</li> <li>– Committed to engaging with and understanding our stakeholders' priorities.</li> <li>– Detailed knowledge of policy, politics and regulation which helps SSE engage constructively in these areas.</li> <li>– Very engaged with developing SSE's people to enhance the culture and grow the business.</li> </ul> <p><b>Key external appointments</b></p> <ul style="list-style-type: none"> <li>– Non-Executive Director of Anglian Water Services Limited.</li> <li>– Member of the Scottish Energy Advisory Board.</li> <li>– Member of the UK Government's Hydrogen Delivery Council.</li> <li>– Member of the Net Zero Council.</li> </ul>	<p><b>Committee membership</b></p> <p><b>E</b> <b>S</b></p> <p><b>Date of appointment</b> Executive Director since September 2017 and Chief Commercial Officer from November 2020</p> <p><b>Career and experience</b> Martin joined SSE in 1998 as an energy trader. He held a series of commercial roles before becoming a Managing Director in 2012 and a member of SSE's Group Executive Committee in 2014. In 2017, he joined the Board as Group Energy Director. His role expanded to Group Energy and Commercial Director in November 2020 and was re-titled to Chief Commercial Officer in March 2022.</p> <p><b>Skills relevant to the SSE Board</b></p> <ul style="list-style-type: none"> <li>– Literate in complex energy and commodity markets with strong technical and operational expertise.</li> <li>– End-to-end experience in large capital projects including joint venture engagement and governance, supporting the development of SSE's diverse and flexible generation portfolio.</li> <li>– Commercially minded in seeking growth for SSE's market-based businesses, including internationally, having supported key capital recycling opportunities and transactions.</li> <li>– Sound understanding of change management and sources of commercial risk.</li> </ul> <p><b>Key external appointments</b></p> <ul style="list-style-type: none"> <li>– Member of the Energy UK Board.</li> <li>– Chair of the CBI Scottish Council.</li> </ul>	<p><b>Committee membership</b></p> <p><b>E</b></p> <p><b>Date of appointment</b> Executive Director and Chief Financial Officer since December 2023</p> <p><b>Career and experience</b> A chartered accountant, Barry joined SSE in 2008. He was Finance Director for SSE Renewables, as well as having responsibility for corporate finance across the Group. Before this, Barry oversaw Group funding and treasury operations as Director of Treasury and Corporate Finance. He became Chief Financial Officer in December 2023.</p> <p><b>Skills relevant to the SSE Board</b></p> <ul style="list-style-type: none"> <li>– Financial expertise and 20 years of energy value chain experience driving the disciplined delivery of SSE's capital investment and growth plans.</li> <li>– Skilled in developing the financial strategy integral to reshaping SSE over the last decade.</li> <li>– Experienced in leading corporate financial projects and teams covering corporate modelling, funding strategy and debt issuance.</li> <li>– Active understanding of investment community views.</li> <li>– Supports SSE's approach to partnering, having served on joint venture boards.</li> </ul> <p><b>Key external appointments</b></p> <ul style="list-style-type: none"> <li>– None.</li> </ul> <p>► For full Board biographies, see <a href="https://www.sse.com">sse.com</a></p>

### Key for Board Committees

- N** Nomination Committee  
**S** Safety, Sustainability, Health and Environment Advisory Committee

- A** Audit Committee  
**R** Remuneration Committee

- E** Energy Markets Risk Committee  
 ○ Committee Chair

			
<p><b>Helen Mahy CBE</b> Senior Independent Director</p>	<p><b>Hixonia Nyasulu</b> Independent non-Executive Director and Senior Independent Director designate</p>	<p><b>Rt. Hon. Lady Elish Angiolini LT DBE KC</b> Independent non-Executive Director of the Board and for Employee Engagement</p>	<p><b>John Bason</b> Independent non-Executive Director</p>
<p><b>Committee membership</b></p> <p>N A S</p>	<p><b>Committee membership</b></p> <p>N</p>	<p><b>Committee membership</b></p> <p>N S R</p>	<p><b>Committee membership</b></p> <p>N A R</p>
<p><b>Date of appointment</b> Non-Executive Director since March 2016 and Senior Independent Director from November 2023</p>	<p><b>Date of appointment</b> Non-Executive Director since January 2025</p>	<p><b>Date of appointment</b> Non-Executive Director since September 2021</p>	<p><b>Date of appointment</b> Non-Executive Director since June 2022</p>
<p><b>Career and experience</b> Helen is a former Company Secretary and General Counsel of National Grid plc. She has held non-executive directorships at a number of listed companies. Helen was a member of the Parker Review steering committee and is a patron of the Social Mobility Business Partnership.</p>	<p><b>Career and experience</b> Hixonia brings significant international experience at Board level, with a diverse and global perspective. She has served as Chair of Sasol, an integrated chemicals and energy company operating in many countries, and held the role of Senior Independent Director at Vivo Energy plc. Before this, Hixonia held an executive position at Unilever in South Africa, where she was responsible for developing the brand, marketing strategies and communications.</p>	<p><b>Career and experience</b> Lady Elish has had a distinguished public sector legal career. She served as Lord Advocate of Scotland from 2006 to 2011 across two government administrations and was previously Solicitor General for Scotland. She has carried out independent public inquiries and reviews for the UK and Scottish Governments and has held various academic positions.</p>	<p><b>Career and experience</b> A chartered accountant, John brings significant listed company and international experience through his career in global business. He was Finance Director of Associated British Foods plc between 1999 and 2023, when its diverse businesses employed 128,000 people and operated in 53 countries worldwide. In 2023, he became Chair of Primark's Strategic Advisory Board and Senior Advisor to the retail business.</p>
<p><b>Skills relevant to the SSE Board</b></p> <ul style="list-style-type: none"> <li>– Long-standing energy and regulatory expertise spanning legal, compliance, governance and risk frameworks, with over a decade of experience overseeing renewables infrastructure investment.</li> <li>– Extensive insight into investor and stakeholder perspectives and trends from cross-sectoral, international and external boards, enabling wider discussion and debate.</li> <li>– A balanced sounding-board and advocate of employee safety and wellbeing, extensive knowledge of sustainability, and a strong focus on social equity, inclusion and diversity.</li> </ul>	<p><b>Skills relevant to the SSE Board</b></p> <ul style="list-style-type: none"> <li>– Extensive experience in shaping corporate strategy and ensuring strong governance frameworks focused on long-term value creation and stakeholder engagement.</li> <li>– Expertise in identifying and managing risks, particularly ESG considerations, to drive sustainable growth and mitigate challenges.</li> <li>– Proven commitment to fostering diverse and inclusive leadership teams, enhancing organisational culture, and promoting equitable business practices across sectors.</li> </ul>	<p><b>Skills relevant to the SSE Board</b></p> <ul style="list-style-type: none"> <li>– Significant understanding of UK and Scottish governance and experience of working with government on independent public reviews while staying politically neutral.</li> <li>– Strong ambassadorial skills acquired through international work in judicial, governmental, diplomatic and academic fields.</li> <li>– A strong sense of social purpose and depth of perspective to Board considerations, including as an advocate for employee views.</li> </ul>	<p><b>Skills relevant to the SSE Board</b></p> <ul style="list-style-type: none"> <li>– Recent and relevant financial experience, with a track record in developing financial and commercial strategy including M&amp;A, corporate transactions and large capital projects.</li> <li>– Extensive leadership experience and an international perspective gained from global companies and complex operations.</li> <li>– Understanding of the listed company context and practical experience of investor relations and ESG strategy, particularly the role of sustainability.</li> </ul>
<p><b>Key external appointments</b></p> <ul style="list-style-type: none"> <li>– Non-Executive Director of Gowling WLG (UK) LLP.</li> </ul>	<p><b>Key external appointments</b></p> <ul style="list-style-type: none"> <li>– Non-Executive Director of Anglo American plc.</li> <li>– Non-Executive Director of Olam Agri Holdings.</li> </ul>	<p><b>Key external appointments</b></p> <ul style="list-style-type: none"> <li>– Principal of St Hugh's College Oxford.</li> <li>– Chair of the Angiolini Inquiry.</li> <li>– Chair of Board of Trustees of Reprieve.</li> </ul>	<p><b>Key external appointments</b></p> <ul style="list-style-type: none"> <li>– Non-Executive Director and Chair of Bloomsbury Publishing plc.</li> <li>– Primark Strategic Advisory Board Chair.</li> <li>– Trustee of the charity FareShare.</li> </ul>

► For full Board biographies, see [sse.com](https://sse.com)

#### Board changes 2024/25 and 2025/26

- Hixonia Nyasulu joined as non-Executive Director on 1 January 2025.
- Helen Mahy will step down at the end of the 2025 AGM and be succeeded as Senior Independent Director by Hixonia Nyasulu.
- Alistair Phillips-Davies will step down at the end of the AGM and be succeeded as Chief Executive by Martin Pibworth.

**Tony Cocker**

Independent non-Executive Director

**Committee membership****Date of appointment**

Non-Executive Director since May 2018

**Career and experience**

Tony brings a detailed knowledge of the energy sector to the Board. He worked with E.ON SE and Powergen plc for more than 20 years, holding responsibilities for thermal generation, onshore and offshore wind, commodity trading and risk management, and retail. He was also CEO and Chair of E.ON UK plc.

**Skills relevant to the SSE Board**

- Extensive CEO and management experience across renewables, generation, commodity portfolio management, and energy trading.
- Wide-ranging technical and operational insight related to energy infrastructure and assets, having delivered major thermal and renewable energy projects.
- Strong UK and European energy industry and non-Executive experience and understanding of utilities regulation and the trends relevant to SSE's operations.
- Experience in strategic consultancy and managing energy and utility stakeholders.

**Key external appointments**

- Chair of Infinis Energy Management Limited.
- Chair of Future Biogas Holdco Limited.
- Chair of Energy Systems Catapult.

**Debbie Crosbie**

Independent non-Executive Director

**Committee membership****Date of appointment**

Non-Executive Director since September 2021

**Career and experience**

A fellow of the Chartered Institute of Bankers, Debbie brings to the Board more than 25 years of leadership in the UK banking industry. Debbie became the first female CEO of Nationwide Building Society in 2022. She was previously CEO of TSB and Executive Director and COO of Clydesdale Bank, where she led preparations for its successful demerger from National Australia Bank and subsequent IPO.

**Skills relevant to the SSE Board**

- Extensive experience in implementing strategy, including transformation projects in large consumer-facing organisations, and managing the critical role of digital and data.
- Deep understanding of capital allocation and optimisation, and investment appraisal.
- Proficiency in IT and cyber security, risk management and internal controls from overseeing efficient and effective operations in a compliance-driven, heavily regulated sector.
- A leader with deep understanding of organisational responsibilities to employees and society.

**Key external appointments**

- Group Chief Executive Officer of Nationwide Building Society.
- Member of the FCA Practitioner Panel.

**Melanie Smith CBE**

Independent non-Executive Director

**Committee membership****Date of appointment**

Non-Executive Director since January 2019

**Career and experience**

Melanie is CEO of the NEC Group and a leading UK consumer retail executive. She brings over 20 years of strategy and transformation experience to the Board. Her previous roles include CEO of Ocado Retail and Strategy Director for Marks & Spencer, where she had responsibility for Group strategy, M&S Bank and M&S Services.

**Skills relevant to the SSE Board**

- Skilled at appraising the development and execution of strategy, having advised and led growth, brand and business transformation in consumer and retail sectors worldwide.
- Deep commercial and digital experience across multiple goods and services categories, including insurance, telco and energy.
- A people-centric style, with wide-ranging global experience and a strong appreciation of company culture.
- An entrepreneurial organisational leader, actively engaging with stakeholder views to create high performing organisations.

**Key external appointments**

- Chief Executive Officer of the NEC Group.
- Deputy Chair of Sadler's Wells.
- Founder of Mokaraka Trust.

**Dame Angela Strank DBE**

Independent non-Executive Director

**Committee membership****Date of appointment**

Non-Executive Director since May 2020

**Career and experience**

Dame Angela has had a long-standing international career in energy, including 38 years' service at BP. As Group Chief Scientist and Head of Downstream Technology, she was a member of BP's Executive Management team. This was preceded by international business and technical leadership roles spanning R&D, engineering, digital, product development and innovation, business development, finance, and renewable energy.

**Skills relevant to the SSE Board**

- Expert in technology and science within the broader energy and manufacturing industries.
- Has led and collaborated on large and complex projects and in culturally diverse environments.
- Strong corporate social responsibility and sustainability experience through involvement in climate science research, the energy transition, reputation and safety management, and inclusion and diversity – having chaired the Corporate Sustainability Committee and Safety, Ethics and Sustainability Committee of two FTSE 100 companies.

**Key external appointments**

- Non-Executive Director of Rolls-Royce plc.
- Non-Executive Director of Mondi plc.
- Member of Rio Tinto's Innovation Advisory Council.

► For full Board biographies, see [sse.com](https://www.sse.com)

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**○** Committee Chair

**Maarten Wetselaar**Independent non-Executive  
Director**Committee membership****Date of appointment**Non-Executive Director since  
September 2023**Career and experience**

Maarten brings over 29 years of experience in the energy sector and is CEO of Moeve (formerly CEPESA), the Spanish multinational energy company involved in oil, chemicals, biofuels and green hydrogen. Before this role, he spent over 26 years at Shell, where he held positions in general management, finance, strategy, and business development and led the establishment of the company's renewables activities.

**Skills relevant to the SSE Board**

- Wide-ranging experience in the energy industry in South America, Africa, Asia, the Middle East and Europe.
- Energy transition leadership, supported by experience in renewable, low-carbon, and green hydrogen capital projects and in developing, communicating and engaging in energy transition strategies.
- Extensive experience in commodity markets, particularly relating to liquefied natural gas.
- Listed company expertise, including capital markets and investor relations, through previous executive and finance roles.

**Key external appointments**

- Chief Executive Officer of Moeve (formerly CEPESA).

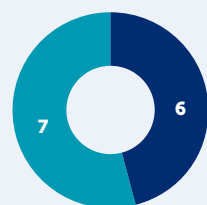
► For full Board biographies, see [sse.com](https://www.sse.com)

**Board Composition**

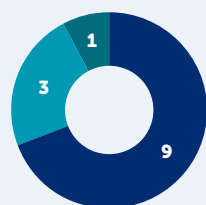
As at 20 May 2025

**Board gender balance**

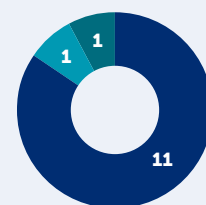
46% women



■ Women  
■ Men

**Board independence**75% independent  
excluding the Chair

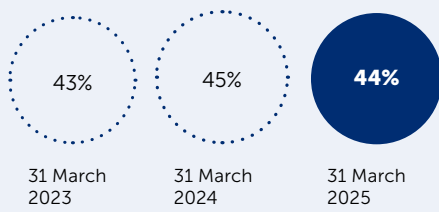
■ Independent non-Executive Directors  
■ Executive Directors  
■ Non-Executive Chair

**Board ethnicity**2 Directors from ethnic  
minority backgrounds

■ White British or other White  
■ Māori  
■ Black/African/Caribbean/Black British

**Rolling three-year women's representation**

44% women

**Non-Executive Director tenure**

4 years 5 months average tenure

0–3 years

3

John Bason,  
Hixonia Nyasulu,  
Maarten Wetselaar

3–6 years

4

Lady Elish Angiolini,  
Debbie Crosbie,  
Sir John Manzoni,  
Dame Angela Strank

6 years+

3

Tony Cocker,  
Helen Mahy,  
Melanie Smith**Skills to support long-term success**

This matrix shows how the skills and expertise of the non-Executive Directors enable the Board to support SSE's long-term success. The Board is strengthened by the diverse approaches, thinking styles, background and experience of its members, as described in the biographies on previous pages.








	Sir John Manzoni	Helen Mahy	Hixonia Nyasulu	Lady Elish Angiolini	John Bason	Tony Cocker	Debbie Crosbie	Melanie Smith	Dame Angela Strank	Maarten Wetselaar
<b>Experience of operating context and disruptive trends</b>										
Energy sector, energy regulation and energy markets	●	●	●			●			●	●
Government and public policy	●	●	●	●	●	●				●
Clean energy, renewables and climate science	●	●	●			●			●	●
Global business, scale and complexity	●		●		●	●	●	●	●	●
Digital and data					●	●	●	●	●	
Stakeholders and social impact	●	●	●	●	●	●	●	●	●	●
<b>Skills to challenge and set a sustainable strategy</b>										
Large capital project management	●		●	●	●	●		●	●	●
Financing, economics and capital markets	●		●		●		●	●		●
Partnering, M&A and transactions	●	●	●	●	●		●	●	●	●
Risk management	●	●	●	●	●	●	●	●	●	●
Consumer insight		●	●	●	●	●	●	●	●	●
<b>Responsible leadership of a large organisation</b>										
Corporate governance and leadership	●	●	●	●	●	●	●	●	●	●
Culture, safe working and people development	●	●	●	●	●	●	●	●	●	●



## Group Executive Committee

This Committee oversees SSE's performance and day-to-day operations and ensures the implementation of Group strategy. It's also responsible for the executive management of Business Units and corporate support services.

The Committee is led by Alistair Phillips-Davies. In addition to Barry O'Regan and Martin Pibworth, who have already been introduced, members are as follows.

			
<p><b>Stephen Wheeler</b> Managing Director, SSE Renewables</p>	<p><b>Finlay McCutcheon</b> Managing Director, SSE Thermal</p>	<p><b>Rob McDonald</b> Managing Director, SSEN Transmission</p>	<p><b>Chris Burchell</b> Managing Director, SSEN Distribution</p>
<p>Stephen has been MD of SSE Renewables since January 2022. He was previously MD of SSE Thermal and MD of SSE Ireland. He was part of the management team that grew the Airtricity renewable energy platform before SSE acquired it in 2008. Before joining Airtricity, he spent over 10 years working internationally with ABB and Siemens.</p>	<p>Finlay has been MD of SSE Thermal since May 2024. He previously held various senior roles within SSE across Renewables, Energy Markets, and Energy Customer Solutions. Before joining SSE in 2010, Finlay worked for many years as a corporate and commercial lawyer.</p>	<p>Rob has been MD of SSEN Transmission since January 2019. He joined SSE in 1997 and held a number of senior roles within the Group Regulation function. Before his current position, he was MD of Corporate and Business Services covering legal, regulation, compliance, safety and large capital projects services across SSE.</p>	<p>Chris has been MD of SSEN Distribution since November 2020. His prior career in transport was extensive, including several MD and Group level operational and commercial leadership positions with Arriva, The Go-Ahead Group and Railtrack. Chris also brings wider sector experience as a previous non-Executive Director with Ofwat and Chair of the Rail Delivery Group trade body.</p>
			
<p><b>Liz Tanner</b> Group General Counsel and Company Secretary</p>	<p><b>Sam Peacock</b> Managing Director, Corporate Affairs, Regulation and Strategy</p>	<p><b>John Stewart</b> Director of HR</p>	<p><b>Peter Lawns</b> Deputy Company Secretary, Secretary to the Committee</p>
<p>A barrister, Liz joined SSE in 2002 with the acquisition of Neos Networks. Since then, she has held a variety of legal and commercial roles and was appointed to the Group Executive Committee as Group General Counsel in March 2019. She became Group General Counsel and Company Secretary in August 2023. Liz leads SSE's Company Secretariat and the corporate functions of Legal, Ethics and Compliance, Data Protection, and Large Capital Project Services. She's also a member of the GC100 Executive Committee.</p>	<p>Sam oversees corporate strategy, government and regulatory affairs, communications, brand, and local project communications at SSE. Before joining the Company in 2011, he directed government affairs at Ofgem and worked at leading communications agency Edelman, as well as in Parliament and the Government.</p>	<p>John has been in this role since joining SSE in July 2009. Before this, he held a broad range of senior management roles in the energy and water sectors and has worked in both the UK and in the US. He oversees all areas in relation to SSE's people including talent and capability, training and development, employee engagement, and inclusion and diversity.</p>	<p>Peter joined SSE in 2005 and held various finance and company secretarial roles before becoming Deputy Company Secretary in 2013. He oversees the delivery of the Group company secretarial service with responsibility for corporate governance, entity management, corporate reporting, and share registration and share plans. Peter is a fellow of the Chartered Governance Institute.</p>



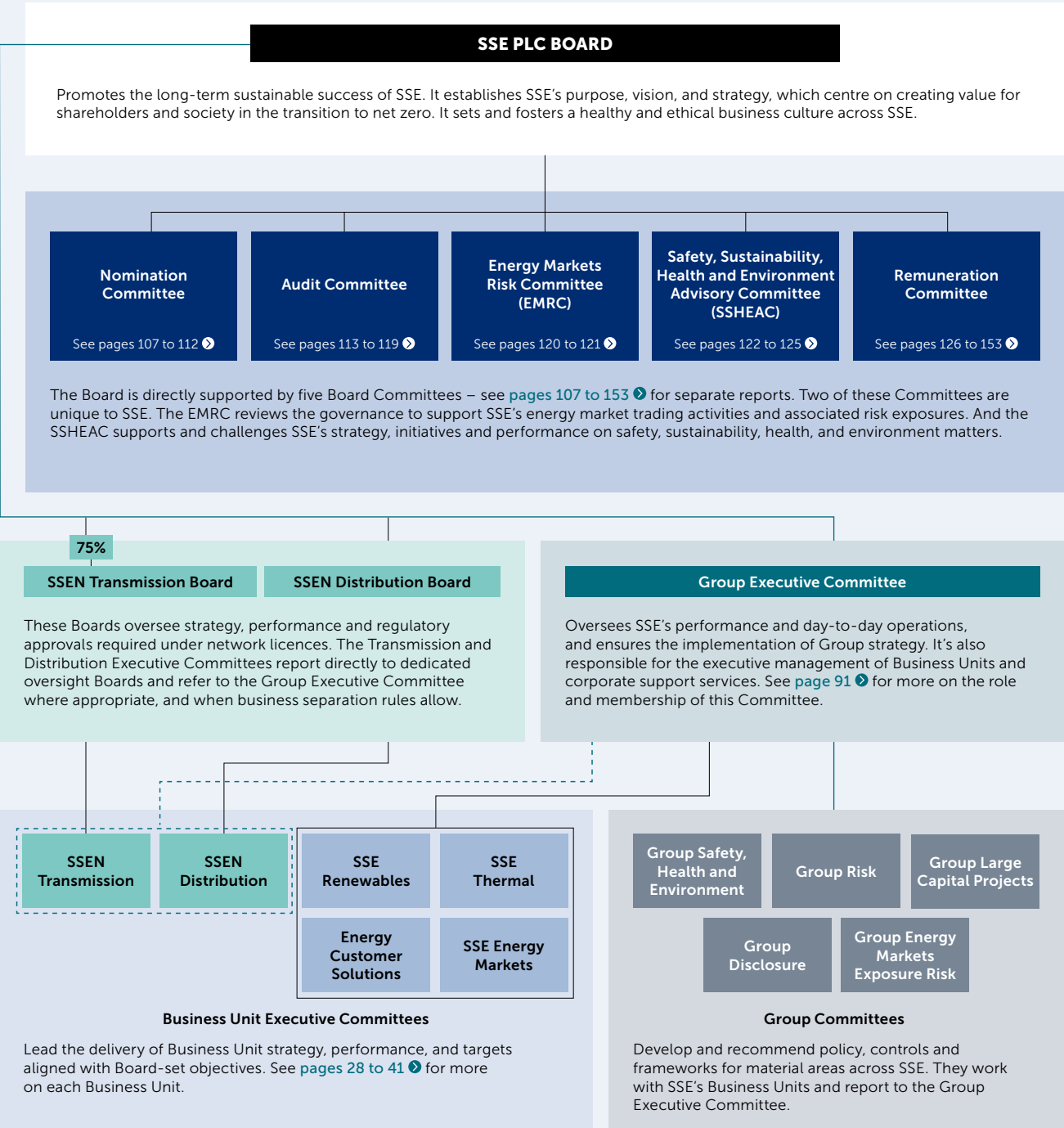
# Governance at a glance

## Approach to reporting

This report explains the Board’s approach to corporate governance within SSE, which is underpinned by continued reporting against the UK Corporate Governance Code 2018. The Compliance Statement, set out on [pages 154 to 156](#), confirms how the Code’s Principles have been applied and details adherence to the Code Provisions. Disclosures outside of the Compliance Statement outline Board and Board Committee work during the year and the outcomes of decisions. The report is structured around the thematic areas the Board reviewed in the year and the material stakeholder factors integrated into discussions.

## SSE’s Governance Framework

The diagram below illustrates how the Board delegates authority and accountability for aspects of SSE’s operations. Agreed roles and responsibilities of each Committee are formally set out in Terms of Reference and support decision making and oversight across SSE. The Board has a separate Schedule of Reserved Matters – see [sse.com](#).



► More on SSE’s Governance Framework and supporting governance practices can be found in the Compliance with the UK Corporate Governance Code statement on [pages 154 to 156](#).

## Annual General Meeting 2025

The AGM will take place on 17 July 2025 in Perth.

Shareholders can participate online or in person – see the Notice of AGM for joining options.

## Governance of climate-related matters

Given its strategic importance to SSE, oversight of climate-related risks and opportunities is embedded across Board, Committee and senior leadership duties. Climate considerations are firmly integrated within SSE's Governance Framework, with agreed roles and responsibilities set out in the Board's Schedule of Reserved Matters, Committee Terms of Reference, and the division of responsibilities across Board roles.

With climate-related governance a key focus of regulators and wider stakeholders, detail is provided here around climate-related roles and responsibilities within SSE. How the Board oversees climate-related risks and opportunities is explained throughout this report.

**The Board** reviews and approves SSE's material sustainability and climate change impacts. It considers climate change through its work on strategy, operations and risk. It also sets the Group Sustainability and Climate Change Policies and approves climate-related financial disclosures.

**The Audit Committee, Group Risk Committee, Sustainability-related Financial Disclosures Committee and TCFD Working Group** all govern the development, review and assurance of SSE's climate-related disclosures. The Audit Committee recommends to the Board whether these are fair, balanced and understandable and reviews the impact of climate change on SSE's financial statements.

## Meetings and attendance

	Board	Nomination Committee	Audit Committee	EMRC	SSHEAC	Remuneration Committee
No. of meetings held	7	9	4	4	4	3
Sir John Manzoni	7/7	9/9	–	4/4	4/4	3/3
Alistair Phillips-Davies	7/7	–	–	–	–	–
Barry O'Regan	7/7	–	–	4/4	–	–
Martin Pibworth	7/7	–	–	4/4	4/4	–
Helen Mahy	7/7	9/9	4/4	–	4/4	–
Lady Elish Angiolini	7/7	9/9	–	–	4/4	3/3
John Bason	7/7	9/9	4/4	–	–	3/3
Tony Cocker	7/7	9/9	4/4	4/4	4/4	–
Debbie Crosbie <sup>1</sup>	7/7	9/9	4/4	3/4	–	–
Hixonia Nyasulu <sup>2</sup>	3/3	2/2	–	–	–	–
Melanie Smith	7/7	9/9	–	4/4	–	3/3
Dame Angela Strank	7/7	9/9	–	–	4/4	3/3
Maarten Wetselaar	7/7	9/9	4/4	4/4	–	–

1 Debbie Crosbie gave prior notification that the meeting of the EMRC in May 2024 conflicted with an external executive Board meeting.

2 Hixonia Nyasulu joined the Board and Nomination Committee on 1 January 2025.

In each instance of non-attendance, papers were shared before the meeting and comments given to the Chair where appropriate.

**The Nomination Committee** considers the skills and experience the Board needs to support the assessment of SSE's operating context, including the impact of climate change on the current and future position of the business.

**The SSHEAC** oversees how key Group policies are implemented, including environmental and climate adaptation matters.

**The Remuneration Committee** agrees how climate factors are integrated within SSE's executive remuneration policy.

**The Group Executive Committee** identifies SSE's material sustainability impacts and oversees the management of climate interventions, targets and plans set by Business Units and corporate functions.

SSE's **Chief Sustainability Officer** reports to the Chief Executive and advises senior management and relevant Committees on climate-related matters.

## More on climate-related work in the year

- Climate expertise within Board skills on [page 90](#).
- Board work on setting and reviewing strategic priorities on [pages 94 to 96](#).
- Leading on sustainability on [page 97](#).
- Audit Committee work on climate-related financial disclosures on [page 115](#).
- SSHEAC work on sustainability and ESG matters on [page 124](#).
- Remuneration Committee approach to executive pay on [pages 144 to 147](#).

# The Board's year

Every year the Board reviews and agrees SSE's strategic direction. This helps the Board identify priorities and design a dedicated plan of work for the upcoming year. This section gives an overview of this work for 2024/25.

## Setting strategy

The Board considers strategy throughout the year, supported by strategic updates from Business Units, reviews and approvals of project pipelines, reviews of progress against NZAP Plus targets, and deep dives into key areas to inform future strategic priorities.

Strengthening this ongoing focus on strategic priorities, the annual strategy review day is an important event in the Board's calendar. To generate informed and productive discussions, the Board invited internal subject matter experts and external guests to contribute on the day.

Here are the main themes explored by the Board during the year.

Market developments	Reviewing the NZAP Plus	Opportunities for growth
<p>The Board explored key changes in the external environment and emerging market trends, including:</p> <ul style="list-style-type: none"><li>– A changing global landscape, including political uncertainty and the impact of geopolitical volatility on the energy transition.</li><li>– The growth of emerging technologies and impact on the speed of transition.</li><li>– The prospective growth of AI and impact on the power demand for data centres.</li><li>– The impact of future macro scenarios on SSE's long-term delivery plan.</li></ul>	<p>The Board reviewed the NZAP Plus and considered enablers for its delivery, including:</p> <ul style="list-style-type: none"><li>– The external operating environment.</li><li>– Stakeholder perspectives on current strategy and targets.</li><li>– Business Unit progress against NZAP Plus targets and key risks and dependencies in the plan.</li><li>– Progress against the Group's sustainability targets.</li><li>– Supply chain challenges due to cost pressures and higher industry demand.</li></ul>	<p>The Board explored future strategic levers to create value for stakeholders, including:</p> <ul style="list-style-type: none"><li>– Changes in the external environment and the impact on future growth.</li><li>– The evolution of SSE's integrated portfolio in a challenging and dynamic macroeconomic and political landscape.</li><li>– Capital allocation and funding options that balance near- and long-term strategic goals.</li><li>– Delivery and growth options across different technologies and geographies.</li><li>– Optimal risk exposure to growth opportunities.</li></ul>

Outcomes
<p>The Board confirmed that SSE's diversified portfolio and NZAP Plus strategy continue to serve the Group well. As well as the opportunities the SSE portfolio brings, there are some challenges and uncertainties. Maintaining financial discipline, delivery and execution while maximising Group efficiency are increasingly crucial in a dynamic external environment. In order to adapt to these challenges, in May 2025, the Board approved a revised investment programme that will see around £17.5bn invested in SSE's businesses out to FY27.</p> <p>The Board approved priorities and growth opportunities for each Business Unit. It also agreed a strategic agenda for the year ahead based on key market factors and levers for growth.</p> <p>SSE's people, talent and organisational skills were confirmed as key enablers of growth. Deepening supply chain relationships, promoting collaboration, and enabling investment in priority areas were confirmed as key pathways to efficiently delivering the NZAP Plus.</p>

### Delivering with financial discipline

Each year, the Board balances strategic delivery with a disciplined approach to investment decisions, to allow SSE to execute its growth plans over the long term. The Board's work this year has included:

- Setting the annual budget considering the NZAP Plus investment needs, new projects across Business Units, and meeting existing project needs.
- Reviewing and agreeing investment criteria in light of market factors and the cost of financing.
- Alongside the Audit Committee, assessing funding requirements and liquidity to support SSE's investment-grade credit rating.

### Monitoring policy developments

In executing SSE's strategy, it's crucial to work with policymakers to enable the delivery of critical electricity infrastructure. This year, the Board oversaw extensive engagement with policymakers and regulators on developments needed to achieve the UK Government's Clean Power 2030 Action Plan. Topics included:

- Review of Electricity Market Arrangements (REMA) – zonal pricing.
- Submission to Ofgem of a price control business plan for SSEN Transmission.
- Planning and consents with the Department for Energy Security and Net Zero.
- Connections reform with the National Energy System Operator (NESO).

### The evolving shape of the Group

The Board had oversight of SSE's ongoing evolution in response to the opportunities and risks presented by an increasingly complex operating environment. This included:

- A further pivot of capital allocation to regulated networks.
- Greater discipline in areas affected by slowing of policy and planning processes.
- The strategic absorption of the former SSE Enterprise into other areas of the business.
- Renewed focus on efficiency and controllable costs.

## Reviewing strategic priorities

The Board recognises the importance of engaging constructively with SSE's key stakeholder groups. This engagement has been integral to broader discussions around strategic opportunities and delivering NZAP Plus. Here are some examples of how stakeholders were considered for some of the key developments on the Board's agenda in 2024/25.

### Creating value through clean energy investments in renewables



The Board remained committed to developing the renewable projects needed to create a low-carbon energy system. These included offshore and onshore wind farm projects in development and construction such as Berwick Bank and Doggerbank A, B and C, as well as projects that have entered commercial operations such as the onshore wind farm Viking. Projects like these will support long-term renewable energy security and affordability for consumers, and help reach NZAP Plus targets.

#### Balancing stakeholder interests

- **Supply chain security.** The Board stayed informed about ongoing industry-wide supply chain constraints and received updates on supplier engagement on large capital projects.
- **Fostering community engagement.** The Board recognises the importance of SSE engaging with local communities while developing and delivering projects. It supported the final investment decision to construct the 208MW Strathly South wind farm, which will establish a community investment fund valued at £1m per year for the lifetime of the wind farm.
- **Maintaining financial discipline.** To ensure shareholder value, the Board considered the importance of financial discipline, the optionality provided by SSE's portfolio, and the growth pipeline.
- **Employee impact of efficiency measures.** The Board was kept informed of the impact on people of organisational changes to ensure SSE Renewables is best placed for long-term growth. This included considering the effect of a sharpening focus on controllable costs and efficiencies on jobs, with a particular focus on ensuring employees were fully consulted and treated with fairness and respect.

#### Potential future opportunities

- **Development in selected markets.** The Board will continue to consider SSE Renewables' approach to developing expertise and expanding into carefully selected markets, ensuring that focus remains on securing route to market for key projects and that financial returns exceed the cost of capital.
- **Delivering NZAP Plus.** The Board will stay informed of the engagement with policymakers and regulators necessary for delivering renewable generation on the journey to NZAP Plus.

### Powering accelerated growth in networks



Investing in the transmission network is critical for the Scottish and UK Governments to reach their renewable energy targets for 2030 and beyond. The Board recognised the need to work closely with Ofgem, governments and local communities to make sure all stakeholder interests are considered when accelerating the delivery of critical infrastructure. During the year, the Board was informed of progress on the NZAP Plus commitments and SSEN Distribution's RIIO-ED2 Business Plan. It also oversaw the submission of SSEN Transmission's RIIO-T3 Business Plan, which outlines the investments needed to meet the UK and Scotland's net zero and energy security targets.

#### Balancing stakeholder interests

- **Investing in local economies.** As part of the Pathway to 2030 programme, the Board was updated on SSEN Transmission's pledge to support the delivery of 1,000 new homes across the north of Scotland. The houses will initially host the people needed to deliver proposed projects and will remain in place as a legacy after projects have completed. This shows SSEN Transmission's commitment to supporting and investing in local communities.
- **Community-led changes.** The Board was updated on the programme of engagement with local communities affected by the development of critical infrastructure. This programme provided valuable feedback, which was considered in project design where possible.
- **Collaborating with the supply chain.** The Board considered the importance of securing supply chain capacity to deliver growth for SSEN Transmission. This includes oversight of supply agreements with the manufacturer of subsea cables.
- **Improving customer performance and efficiency.** The Board reviewed SSEN Distribution's Transformation Programme, which is upgrading IT systems to enhance customer experience and strengthen IT resilience. It also evaluated progress against SSEN Distribution's RIIO-ED2 Business Plan, an important means of improving customer services and accelerating investment in local network infrastructure.

#### Potential future opportunities

- **A network for net zero.** One of the Board's key priorities continues to be monitoring the delivery of price control business plans in SSEN Transmission and SSEN Distribution. These aim to protect customers' interests, support the building of national critical infrastructure, and deliver fair returns.
- **Beyond 2030.** The Board will stay up to date on upcoming projects and stakeholder engagement across industry, governments and communities to support the delivery of RIIO-ED2 and RIIO-T3 Business Plans.



## Reviewing strategic priorities (continued)

### Delivering flexibility in the net zero transition



The Board continued to examine opportunities to deliver the future flexibility required for a renewables-led power system. These included low-carbon flexible generation and energy storage, as well as decarbonisation-ready (through either a transition to hydrogen or carbon capture and storage (CCS)) projects to support long-term decarbonisation, a key priority for the Group. The Board is very aware of the extent to which constrained supply chains and shifting energy policies affect the development of these new technologies.

### Balancing stakeholder interests

- **Security of supply.** The Board supported the final investment decision to build Tarbert Next Generation power station, which will run on 100% sustainable biofuels with the potential to convert to hydrogen. This shows a commitment to supporting the electricity system in Ireland by addressing shorter-term supply challenges while laying the foundations for a low-carbon future.
- **Collaborating with partners.** The Board supported a partnership with Siemens Energy to deliver gas turbines capable of running on 100% hydrogen to support the decarbonisation of Keadby 2 and future decarbonisation-ready projects. This partnership shows SSE's commitment to transitioning from fossil fuels to a clean power system. The Board recognises that low-carbon power stations are essential to have clean power throughout the UK.
- **Impact of policy on pipeline.** The Board stayed up to date on the evolving commercial and operational context related to delivering low-carbon infrastructure. The Board recognises the need for supportive government policy to deliver the low-carbon generation assets crucial to CCS and hydrogen projects and to maintain system flexibility and resilience.

### Potential future opportunities

- **Low-carbon thermal.** The Board will continue to consider the role of new low-carbon flexible generation in the transition to net zero, covering CCS, hydrogen, and decarbonisation-ready technology. It recognises the need to deliver at pace when government policy allows.
- **Safeguarding the supply chain.** The Board will continue to support proactive engagement with supply chain partners to ensure capacity for both operational sites and future projects.

## Deepening Board knowledge

The Board's diverse skills and experience reflect and meet SSE's needs – see the skills matrix on [page 90](#) for details. Given the ever-evolving nature of the energy industry, the Board welcomes opportunities to deepen its knowledge of specialist topics. To this end, there are internally and externally facilitated Board learning sessions throughout the year. Here are some of the topics covered in 2024/25.

### Visiting the National HVDC Centre

The Board visited the National HVDC (High Voltage Direct Current) Centre in Scotland, an Ofgem-funded cutting-edge simulation and training facility supporting all HVDC schemes connecting to the GB grid. The visit enhanced the Board's understanding of how the centre is working with transmission owners, system operators, interconnector projects and manufacturers to de-risk projects and protect the security of the grid network. The Board was shown replicas of the control systems of current projects like Caithness-Moray-Shetland and saw the scale of network reinforcements needed to support the national aim of connecting 50GW of offshore wind by 2030. The session provided insights into the centre's pioneering developments to support the delivery of direct current networks in GB. The Board was very positive about the centre's industry collaboration and role in attracting engineering talent, and supports its plans to expand as a critical testbed for net zero infrastructure.

### AI and cyber security

IT specialists presented a session on AI and cyber security to the Board.

#### AI

Part of the session covered integrating AI into SSE's digital toolkit and the enhanced capabilities this could provide. This included how AI is being used now and potential future uses in SSE's businesses and the wider energy industry. Board members shared their own experiences and views in a rich discussion. This gave the Board invaluable insights into AI's potential to support business goals and the energy transition.

#### Cyber security

The session also covered SSE's cyber strategy and the macro environment and operating factors affecting cyber security. Topics included the value of continuous colleague education and awareness, enhancements to security (including supply chain security), the risks connected to operating in new markets, risk management, and using agile methodologies to cut the time and costs for cyber risk assurance. This session deepened the Board's understanding of the cyber security landscape and the need for ongoing investment, diligence and responsiveness. The insights gained will inform Board discussions and decisions aimed at strengthening cyber security.

## Committed to safety

SSE's commitment to safety remains an absolute priority for the Board. Safety is high on the agenda of every Board meeting, reflecting the Board's important leadership on embedding SSE's safety culture.

The Board receives regular updates on safety performance and reviews key safety metrics monthly. This enables the Board to effectively challenge the work of the Group Safety team and Business Units. The Board was pleased with this year's safety performance (see [page 54](#)). It stressed, however, the need to go beyond statistics to keep a strong safety culture alive across the Group.

In November 2024, two Board members attended a contract partner conference organised by SSE. They engaged directly with participants from 85 companies and shared feedback with the rest of the Board. This successful event should have a positive impact on contractor safety behaviours, and the Board supports holding the conference each year.

Most Board members have completed SSE's immersive safety training, strengthening their commitment to making sure all employees and partners return home safely. For more on the Board's focus on safety, see the culture dashboard on [page 98](#) and the SSHEAC Report on [pages 122 to 125](#).

## Leading on sustainability

Sustainability is integral to the Board's role and plan of work. The Board has overall responsibility for SSE's most significant sustainability impacts, including in relation to climate change. SSE has sustainability-related priorities to encourage the policies, practice and performance that will achieve

its sustainability and climate goals (see [pages 45 to 59](#)). The 2024/25 priorities were reviewed and approved by the Board.

During the year, the Board also approved updates to SSE's Just Transition strategy and SSE's Human Rights and Modern Slavery statement. These included KPIs to measure progress and performance. The Board supported efforts to robustly track and monitor these KPIs to ensure informed decision making.

SSE monitors key climate-related policy and guidance, which in 2024/25 included the UK Government's Clean Power 2030 Action Plan and the Climate Change Committee's seventh carbon budget. In April 2025, the Board approved an updated Net Zero Transition Plan with revised scenarios of the pathway towards SSE's net zero ambitions.

To align with the UK Government's Transition Plan Taskforce recommendation, the Board has approved a resolution to be tabled at the 2025 AGM. This resolution proposes changing the preparation cycle of SSE's Net Zero Transition Report from one year to three years for consideration by shareholders on an advisory basis. See [pages 46 and 101](#) for more.

The Board also approved the appointment of EY, SSE's existing statutory auditor, as the new auditor of non-financial reporting to assure selected sustainability metrics. See the Audit Committee Report on [pages 113 to 119](#) for more.

## Overseeing digital transformation

Throughout the year, senior management in IT and Digital, Cyber Security and Data Protection kept the Board informed on these critical topics.

The Board drives a strong security culture by regularly monitoring progress on cyber-related activities. It reviewed SSE's cyber security threat and risk position in light of geopolitical events, regulatory compliance, and the increasing importance of cyber security for critical infrastructure and supply chains. As part of the Group's updated cyber security strategy, the Board approved a refreshed approach to mitigating cyber security risks. This involved reprioritising current risks to make sure these reflect the cyber threat landscape. For more on SSE's Cyber Security and Resilience Principal Risk, see [page 65](#).

The Board was also updated on SSE's progress in AI, covering strategic developments, adoption and uses in Business Units. It considered the significant progress with AI in the Energy Customer Solutions (ECS) Business Unit. It reviewed the AI maturity roadmap outlining key phases and steps needed to adopt AI across SSE to create value. To emphasise the Board's commitment to cyber security and AI, the Schedule of Reserved Matters for the Board was revised to outline the Board's important oversight of these areas.

The Board reviewed metrics from the Group Data Protection Officer on incident response, training, assessments of personal data processing, communications and assurance activities. These showed that the overall data protection picture continued to be stable at SSE and emphasised the importance of ongoing activities to strengthen SSE's data protection programme.

For more on how the Board engaged with AI and cyber, see the Deepening Board knowledge section on [page 96](#).

## Supporting innovative customer solutions

During the year, the Board received updates from Energy Customer Solutions' (ECS) leaders on innovative solutions to support delivery of the NZAP Plus. This included the impact of SSE Business Energy's new billing platform Evolve, implemented in 2024, and ECS's future systems strategy. The Board endorsed enhancing ECS's digital and system capabilities as growth enablers and acknowledged technology's role in advancing green and low carbon energy solutions. The Board was also updated on ECS's strategic priorities, which underpin the business's commitment to supporting customers and its key role in SSE's value chain (see [pages 40 to 41](#)).



▲ Colleagues discuss operations with Lady Elish Angiolini at a social housing insulation project in Dublin

Assessing, monitoring and embedding culture

Setting the tone

The Board sets the culture and values of SSE and sees these as integral to delivering SSE’s strategy. It believes that a strong, values-driven culture empowers employees at all levels to perform well and meet strategic objectives with integrity and purpose. To create a strong culture, the Board leads by example: making sure its own behaviours and strategic decisions reflect SSE values.

The Board oversees how the values are communicated and embedded across the organisation and the extent to which these influence decision making, leadership behaviours and day-to-day operations. It is updated on how SSE’s values are reflected within key policies, employee engagement initiatives, and learning and development materials.

See [page 2](#) for more on the values and how SSE defines a healthy, ethical business culture.

The Board recognises that culture is most effective when reinforced through tangible actions. To make sure culture and performance are aligned, executive remuneration and employee recognition programmes are directly linked to SSE’s values. See [page 131](#) for more on how executive remuneration is aligned to culture.

Measuring culture

The Board assesses the strength of SSE’s culture in various ways.

Culture health check	<ul style="list-style-type: none"><li>– Twice a year, the Board reviews the Culture Dashboard which brings together data from various sources to measure the health of SSE’s culture. This helps the Board assess whether its cultural aims are being achieved and informs employee engagement activities to reinforce and enhance SSE’s culture.</li><li>– This year, a new method has been adopted to allow non-Executive Directors to share observations of key aspects of culture after engaging with employees. These insights are used to enrich the range of data in the health check and drive targeted actions to reinforce SSE’s culture.</li></ul>
Aligning culture with strategy	<ul style="list-style-type: none"><li>– The Board regularly engages with employees and visits a range of SSE locations to understand people’s connections to culture and strategy at all levels within the organisation.</li><li>– The Board conducted a programme of employee engagement activities (see <a href="#">pages 99 to 100</a>) focused on sharing key aspects of SSE’s strategy and culture.</li><li>– The Board noted that engagement with SSE’s Net Zero strategy has increased by 4% and that more colleagues understand how their role is helping to deliver this than in 2023/24.</li></ul>
Inclusion and diversity	<ul style="list-style-type: none"><li>– The Board continued to engage with the co-leads of SSE’s employee led ‘Belonging communities’ to understand employees’ priorities and promote inclusion across the Group.</li><li>– The Board reviewed and re-affirmed its Inclusion &amp; Diversity Policy – see <a href="#">pages 111 to 112</a>.</li></ul>
Safety culture	<ul style="list-style-type: none"><li>– The Board reviewed key safety metrics and targets (see <a href="#">pages 122 to 124</a>) and during regular operational site visits observed the strength of SSE’s safety culture in practice (see <a href="#">page 125</a>).</li><li>– Various Board members attended SSE’s immersive safety training to experience and understand how safety culture is embedded across employees and contractors.</li></ul>
People	<ul style="list-style-type: none"><li>– The Board considered employee feedback including the all-employee survey results (see <a href="#">page 54</a>).</li><li>– An all-employee call and an in-person meeting with commended employees were held after the AGM and attended by various Board members. Topics important to employees were discussed, with a particular focus on SSE’s net zero ambitions (see <a href="#">page 99</a>).</li><li>– The Board considered reports on SSE’s whistleblowing arrangements covering performance, case trends, and employee confidence in the speak-up mechanisms and protection.</li></ul>

Outcomes

As a result of monitoring and measuring how SSE’s culture has been embedded, the Board endorsed:

- An engagement programme to embed updated descriptions of SSE’s core values (the SSE SET).
- ‘Doing the Right Thing Week’, an all-employee communication initiative focusing on key aspects of SSE’s ethical culture.
- Training for senior leaders on ‘How We Lead at SSE’ including how to promote SSE’s values in practice.
- The expansion of SSE’s Employee Recognition Programme which is aligned to SSE’s values and culture.
- A refreshed employee onboarding process with a focus on immersing new employees in SSE’s values and culture.
- Continued investment in SSE’s immersive safety training.

Culture dashboard 2024/25

Employee feedback enables the Board to assess the strength of SSE’s culture:

Overall employee engagement <b>86%</b> Feedback from employees through the annual employee survey	Inclusion <b>90%</b> Feel we have an inclusive culture	Safety <b>91%</b> Feel we promote a safe workplace culture	Our strategy <b>86%</b> Feel engaged with our strategy	Doing the right thing <b>85%</b> Feel empowered to do the right thing	Senior leaders <b>67%</b> Trust in senior leaders
---------------------------------------------------------------------------------------------------------	--------------------------------------------------------------	------------------------------------------------------------------	--------------------------------------------------------------	-----------------------------------------------------------------------------	---------------------------------------------------------

▲▲▼ A full survey was carried out in 2023/24. This year’s results reflect responses to a pulse survey with a condensed question set. Trends are based on a like-for-like basis.

## Hearing from and responding to employees

The Board is committed to making sure that everyone is able to voice their opinions through an appropriate channel. Board members engage with employees in various environments, roles and locations. These activities give insights into people's experiences and views, and strengthen the connection between the Board and SSE employees.

- **Employee sessions:** in-person and virtual meetings to gather employee perspectives and insights.
- **Employee surveys:** all-employee surveys to capture employee views which help measure progress, assess culture and guide initiatives and decisions.
- **Digital and written communication:** including updates that share and reinforce strategic and cultural messages with employees.
- **Roadshows and conferences:** virtual, face-to-face or hybrid events to interact with employees and embed SSE's purpose, strategy and culture.

- **Site visits:** visits to enhance understanding of the working environment and interact with employees on site.
- **Focus groups:** small group sessions to discuss key topics and learn valuable insights.
- **Employee representatives and groups:** consulting and engaging with employee representatives including trade unions and employee-led Belonging in SSE communities.

SSE's annual all-employee survey helps the Board understand what matters most to employees. Guided by the survey results, senior leadership have continued to engage with employees on SSE's strategy and net zero ambitions.

- **Post-AGM engagement:** Board members hosted a virtual meeting open to all employees and an in-person meeting with 25 employees commended during the year through SSE's employee recognition platform. These discussions gave the Board insight into how colleagues feel they contribute to SSE's strategy, their understanding of it, and how the Board can help them further engage with net zero.

- **SSEN Transmission:** John Bason spent a day visiting sites in north-east Scotland, including Peterhead, Eastern Green Link 2 and Netherton Hub. The visits gave John an appreciation for the scale of the net zero challenge that the Transmission business is working towards and allowed him to meet with teams working on a range of projects. John attended a roundtable session with the wider project team to learn more about the opportunities and dependencies of these projects.
- **2024 graduate programme:** The induction event in Glasgow welcomed 141 new graduates into the business. New starters were able to engage with members of the Board, including Lady Elish Angiolini and Helen Mahy, to discuss SSE's strategy, culture, vision and values.

▼ The AGM provides an opportunity for employees to spend time with the Board



### Spotlighting SSE's star performers

SSE encourages employees to nominate outstanding work contributions from colleagues through its digital employee recognition platform. Last year the platform drew 13,000 nominations over six months.

At the AGM held in Perth in July 2024, the Board and senior executives met some of the nominated employees to listen to their perspectives on working life at SSE. Employees indicated how much they valued the inclusive, supportive and broadly non-hierarchical culture

of SSE, as well as the flexible working arrangements. Colleagues wanted to hear more on career progression, inclusion and diversity, and innovation.

The in-person session included non-Executive Directors Lady Elish Angiolini, Melanie Smith, Helen Mahy and John Bason, and Executive Directors Martin Pibworth and Barry O'Regan. The event format included table discussions with Directors rotating every 30 minutes, while 4,000 colleagues joined a virtual Q&A session with a mix of executives.

## 15

Board site visits and engagements

## 11

Board-led virtual sessions

## 12

Sessions with the Non-Executive Director for Employee Engagement

## 35,900

Overall employee attendance at Board-led virtual sessions

## 6,950

Largest audience size



Taking the lead on employee engagement

Wider Board engagement is strengthened by a comprehensive programme led by SSE’s Non-Executive Director for Employee Engagement, Lady Elish Angiolini. This programme shapes new opportunities for engagement by building on existing channels of communication. Examples of how Lady Elish engaged with employees during the year and the observations she shared with the wider Board are below.

Engagement	Observations
<p><b>Medway Power Station</b></p> <p>Lady Elish visited Medway Power Station to meet with operational colleagues and discuss decarbonisation options. She heard insights into safety processes and culture at the station, along with useful views on the skills development programme. Colleagues also shared how they see their role in SSE’s strategy and wider culture.</p>	<ul style="list-style-type: none"><li>– The need for Board oversight of safety and cyber security, particularly with contracting partners, was highlighted. The Board ensures this through the SSHEAC, which works with senior management to enhance safety performance. See <a href="#">pages 122 to 125</a>. The Board also regularly appraises cyber security. See <a href="#">pages 96 and 97</a>.</li><li>– Developing skills and fostering a talent pipeline continues to be important. The Board receives updates on organisational capabilities through the Nomination Committee. See <a href="#">pages 107 to 112</a>.</li></ul>
<p><b>Energy Customer Solutions</b></p> <p>Lady Elish visited the Energy Customer Solutions business in Dublin. She discussed approaches to helping customers work towards net zero and new technologies to improve customer experience. Colleagues also shared their experiences of internal long-term career development programmes. The team then invited Lady Elish to visit a social housing insulation project, where the installation team shared their understanding of how their work supports the local area and the journey to net zero.</p>	<ul style="list-style-type: none"><li>– Insights into what makes SSE a good employer through views shared on teamwork, career development and technological innovation.</li><li>– A strong programme of internal communication is important in sharing information widely about projects being done and the positive impacts these can have on communities and the transition to net zero.</li></ul>



// I had the privilege of engaging with employees across various environments and locations. I deeply appreciated the openness with which they shared their insights. It was heartening to see the strong understanding among our employees of how their work contributes to SSE’s purpose of building a better world of energy.”

**Lady Elish Angiolini**  
Non-Executive Director for Employee Engagement

## Understanding shareholder views

The Board prioritises engagement with investors to better understand their strategic, financial, governance and sustainability expectations when making key decisions.

### Institutional investors

A comprehensive engagement programme with institutional investors reaches around 45% of SSE's issued share capital annually. The timeline below summarises the Board's interactions in 2024/25. The Board is kept informed of investor sentiment through feedback after each engagement, monthly investor and market reports, and independent reports from SSE's brokers. Examples of how such engagement influenced decision making are set out on this page.

### Retail shareholders

Retail shareholders are supported through a dedicated helpline and online Investor Centre managed by SSE's registrar, Computershare Investor Services plc. The Investor Relations team and Company Secretariat support as required, and the Chair is kept informed as appropriate. SSE's investor website also provides information, including regulatory news and published reports.

The Board has endorsed initiatives to efficiently manage SSE's share register, engage with retail shareholders and prevent their assets from becoming dormant. These include an asset reunification programme in conjunction with Georgeson, a subsidiary of Computershare. See [page 284](#) for details of this programme.

For more on how the Board engages with shareholders and debt providers, see [page 103](#). See [pages 95 to 96](#) for more on how investor views are considered by the Board.

## Engaging with investors and shareholders on ESG issues

Open and transparent discussion around ESG issues is a key feature of SSE's programme of investor engagement. Meaningful sustainability credentials remain a key measure for investors, analysts and brokers when judging SSE's non-financial performance.

In July 2024, SSE held its first in-person ESG roundtable to update investors ahead of the AGM on SSE's progress against its climate ambitions. The session also looked at how the Company works to balance social, environmental and economic impacts as it transitions to net zero.

The roundtable gave institutional investors an opportunity to engage directly with SSE's Chief Commercial Officer, Chief Financial Officer and Chief Sustainability Officer. The discussion prompted useful debate on a similar range of topics to those covered when SSE met other investors during the year. They included progress against SSE's Net Zero Transition Plan, how SSE is engaging with communities near its planned electricity transmission projects, and SSE's scope 3 emissions and net zero transition plans for thermal joint ventures.

### Net Zero Transition Report – resetting voting frequency

As a result of work with the investor group Climate Action 100+, a framework for annual voting on SSE's Net Zero Transition Report was approved at the 2021 AGM. The Transition Plan Taskforce has since published guidance and recommended a three-year review cycle for transition plans. After consulting shareholders throughout 2024/25, the Board noted clear investor support for moving from a one- to three-year cycle for preparing Net Zero Transition Reports for consideration by shareholders on an

advisory basis. Climate Action 100+ also supported this change to enhance engagement and promote more meaningful disclosures over a longer period. The Board has decided to table a resolution at the 2025 AGM that will reset the framework and establish a three-year cycle for voting on SSE's Net Zero Transition Report.

Progress against SSE's carbon targets and net zero transition plan will continue to be published yearly in SSE's Annual and Sustainability Reports.

### Consulting on remuneration

When developing the 2025 Remuneration Policy to be proposed for approval at the AGM, the Board sought the views of

shareholders representing around 55% of the issued share capital. See [pages 126 to 130](#) for details on this consultation process and how shareholder feedback shaped the proposed policy.

## Engagement highlights

The Board interacted with shareholders in a range of ways during 2024/25, supported by senior management and the Investor Relations team.

#### June 2024

Executive Directors met with shareholders during the post-full year results investor roadshow.

#### September/October 2024

Executive Directors attended industry conferences.

#### January 2025

Executive Directors attended industry conferences.

#### March 2025

Executive Directors attended industry conferences.

#### July 2024

The Chair, and in some cases the Senior Independent Director, met with 11 of the top 20 shareholders during a pre-AGM roadshow.

The Board considered and approved the Q1 Trading Statement.

The Board attended the 2024 AGM in Perth and responded directly to shareholder questions.

#### November/December 2024

Executive Directors met with shareholders at the post-half year results investor roadshow.

The Board considered and approved the half-year report for the year ended 31 March 2025.

#### January/February 2025

The Board considered and approved the Q3 Trading Statement.

The Chair and the Chair of the Remuneration Committee engaged with shareholders on the Remuneration Policy.

## Our stakeholders and Section 172 statement

SSE operates under an implicit social contract in delivering its strategy. This places key stakeholders – the people, communities and organisations affected by its actions – at the heart of its decisions.

The Board fosters a reciprocal relationship with stakeholders that results in meaningful influence across business plans and objectives. While situations will exist where not every stakeholder interest can be addressed, stakeholder views are considered to the greatest extent possible in decision making across SSE.

This section summarises how the Board has upheld SSE's social contract through the discharge of its duties under Section 172 of the Companies Act 2006. For an introduction to SSE's six key stakeholder groups, see [pages 8 to 9](#) 📄.

### How we make decisions

#### Board priorities

It's the Board's duty to lead by example and ensure fair and responsible decision making across SSE. SSE's Governance Framework guides the Board in setting ambitions, parameters and expectations to create long-term success. These expectations are reflected in SSE's purpose, vision, strategy and culture – and in the belief that stakeholder views should be considered when making long-term plans and day-to-day decisions.

Cementing SSE's place at the heart of the clean energy transition remains the guiding

principle of stakeholder engagement. Each year, the Board approves a set of engagement priorities which cover the cross-cutting issues requiring meaningful and constructive engagement with all stakeholders. These will frame activities across SSE for 2025/26 and include:

- Continuing to execute against our NZAP Plus targets and ensuring our plans for clean energy investment to 2030 and beyond create value for stakeholders.
- Advocating for policy frameworks that support investment in critical net zero infrastructure, and maintaining alignment with the UK Government's Clean Power 2030 Action Plan.
- Listening to and working closely with communities affected by SSE's operations to leave a positive and enduring legacy through initiatives such as community funds so that everyone benefits from the transition to net zero.

#### Considering the long term

SSE's strategic approach to creating value for shareholders and society leads to actions with a significant long-term impact. Four 2030 goals (see [page 45](#) 📄) and a net-zero-focused strategy guide decision making and provide clear interim milestones

up to 2050. Set by the Board, these parameters are integrated into SSE's strategic work and objectives, including in capital investment, the Group budget, dividends and resource planning. SSE's Risk Management Framework – the Group's Principal Risks, Emerging Risks, and Risk Appetite statement – also shape long-term perspectives.

#### Considering climate impacts

The significant threat that climate change poses to the natural world is integrated into numerous aspects of the Board agenda. SSE is committed to open and transparent disclosure to allow stakeholders to assess its environmental performance and the potential impact of various climate scenarios on future financial performance. See [pages 73 to 78](#) 📄 for more.

#### Considering business conduct

The Board leads and monitors SSE's culture by setting the tone and a framework within which agreed values and behaviours can be demonstrated by employees. This includes doing the right thing through responsible business conduct and making a positive difference for key stakeholders. See [page 98](#) 📄 for more.

## How we take decisions

### Considering our key stakeholders

Employees

Shareholders and debt providers

Energy customers

Governments and regulators

NGOs, communities and civil society

Suppliers, contractors and partners

#### Our purpose

To provide energy needed today, while building a better world of energy for tomorrow.

#### Our vision

To be a leading energy company in a net zero world.

#### Our strategy

To create value for shareholders and society in a sustainable way by developing, building, operating and investing in the electricity infrastructure and businesses needed in the transition to net zero.

#### Our culture

See [pages 2 and 98](#) 📄

The following pages explain how the Board considered stakeholder interests during the year relating to a number of key developments.

### Stakeholder engagement and key learnings

SSE's strategic stakeholder engagement is designed to ensure all perspectives are heard and to cultivate a useful understanding of the important issues for SSE's six key stakeholder groups. Aligned with legislative and regulatory requirements, this approach combines business-led and Board-level interactions to enable stakeholders to influence business plans and supporting objectives. For more on how the Board considered stakeholder factors within a number of key developments in 2024/25, see [pages 95 to 96](#) ➤.

Stakeholder group	How the Board engaged	What we believe is most important to them
<b>Employees</b>		
<p>SSE's strategy and success depend on the shared talent, diversity, innovation and values of the people it employs.</p> <p>See <a href="#">pages 53 to 56 and 99 to 100</a> ➤</p>	<ul style="list-style-type: none"> <li>Employee-focused work by the Non-Executive Director for Employee Engagement.</li> <li>Site visits and attendance at face-to-face and virtual events, allowing employees to engage directly with Executive and non-Executive Directors.</li> <li>Regular assessments and reviews of SSE's culture.</li> <li>Updates on the impact of organisational changes across SSE, to ensure that employees were treated with fairness.</li> </ul>	<ul style="list-style-type: none"> <li>Employee safety, mental wellbeing, support and resilience.</li> <li>SSE's employee offering, including reward, benefits, inclusivity, flexibility and career progression.</li> <li>Understanding employees' contributions to SSE's net zero strategy, ambitions and just transition approach.</li> <li>Clear communication around the Chief Executive succession process.</li> <li>Giving all employees a voice and acting in response to the all-employee survey findings.</li> <li>Continued engagement with senior leaders.</li> <li>Continued engagement with SSE's Inclusion and Diversity strategy.</li> </ul>
<b>Shareholders and debt providers</b>		
<p>SSE must be well-financed, with the ability to remunerate shareholders for their investment, secure debt at competitive rates and grow the business.</p> <p>See <a href="#">page 101</a> ➤</p>	<ul style="list-style-type: none"> <li>A programme of physical and virtual Director-investor meetings and roadshows covering key financial announcements, long-term priorities and specific issues at investors' request.</li> <li>Directors attending investor conferences.</li> <li>Direct engagement at the AGM, where shareholders asked questions in-person and online.</li> <li>Executive Directors engaging with the credit rating agencies used by debt providers.</li> </ul>	<ul style="list-style-type: none"> <li>Financial and ESG performance compared to market expectations.</li> <li>The effect of competition, cost pressures, government policy and supply chain constraints on returns and delivery timelines from renewables investments in GB, Ireland and new markets.</li> <li>Progress on the construction of large capital projects.</li> <li>Optimising capital allocation across SSE's Business Units.</li> <li>Ensuring the Remuneration Policy aligns with strategic priorities.</li> <li>Insights into the enduring role of SSE Thermal in providing flexibility in a changing and volatile market environment.</li> <li>Refinancing requirements, liquidity and the level of protection against interest rates.</li> <li>SSE's hedging position and the Group's earnings exposure to energy commodity prices.</li> </ul>
<b>Energy customers</b>		
<p>Consumers create demand for the energy and services SSE provides and set the tone for our purpose.</p> <p>See <a href="#">pages 49 to 50</a> ➤</p>	<ul style="list-style-type: none"> <li>Updates from SSE's customer-facing Business Units on the influence of customer factors on business direction and propositions.</li> <li>Monitoring performance to ensure an appropriate level of customer service and investment.</li> <li>Updates on the SSE response and support for customers during significant storms.</li> </ul>	<p><b>Networks customers</b></p> <ul style="list-style-type: none"> <li>The impact of increased severe weather events with a focus on investment, communication and support for vulnerable customers.</li> <li>Improved customer services and connection processes in SSEN Distribution.</li> <li>Driving efficiency in the execution of RIIO-ED2.</li> <li>Investment in network resilience.</li> </ul> <p><b>Energy supply customers</b></p> <ul style="list-style-type: none"> <li>Energy efficiency and decarbonisation measures for business and domestic customers.</li> <li>Energy affordability and available funds and support mechanisms.</li> <li>Customer experience, particularly around wait times and support.</li> </ul>



## Our stakeholders and Section 172 statement continued




Stakeholder group	How the Board engaged	What we believe is most important to them
<b>Governments and regulators</b>		
<p>SSE relies on policy frameworks and public services that support investment in critical national infrastructure, are fair on customers, and maintain the momentum behind net zero.</p> <p>See <a href="#">pages 4 to 5 and 94</a> ➤</p>	<ul style="list-style-type: none"> <li>– Direct constructive engagement with the UK Government, new Irish Government, regulatory bodies and political stakeholders.</li> <li>– Overseeing the implementation of SSE's Political Engagement Policy and related advocacy priorities.</li> <li>– Monitoring engagement with and responses to regulators to make sure strategic, financial, operating and investment frameworks stay aligned to the external landscape.</li> <li>– Supporting SSE's advocacy for policy frameworks that encourage investment in carbon capture and storage and hydrogen.</li> </ul>	<ul style="list-style-type: none"> <li>– Accelerating infrastructure delivery to improve energy security and decarbonise the sector, in line with the UK Government's Clean Power 2030 Action Plan.</li> <li>– Strategic investment in networks to facilitate net zero and improve energy resilience.</li> <li>– Evolving the electricity market and supporting mechanisms to continue to invest in UK energy infrastructure.</li> <li>– Constructive dialogue on planning and consents with the Department for Energy Security and Net Zero.</li> <li>– Continuing to build support for the RIIO-T3 framework to accelerate network investment through to 2031.</li> </ul>
<b>NGOs, communities and civil society</b>		
<p>SSE needs the support of the communities it works in and the backing of civil society to pursue a just transition to net zero.</p> <p>See <a href="#">pages 56 to 59</a> ➤</p>	<ul style="list-style-type: none"> <li>– Receiving and approving updates on SSE's 2030 goals aligned to the UN Sustainable Development Goals.</li> <li>– Considering the community impact and benefit of large capital projects including the approach to consultation.</li> <li>– Deepening understanding of local community priorities through site visits.</li> <li>– Overseeing SSE's community investment model in the UK and Ireland and approving underlying investment fund principles.</li> </ul>	<ul style="list-style-type: none"> <li>– Net zero transition planning considering both social and nature interdependencies.</li> <li>– The allocation and impact of SSE's community investments.</li> <li>– The cost of energy, particularly in the context of current high costs for energy users.</li> <li>– Restoring nature, adding value to natural capital, and preventing harm to species and ecosystems.</li> <li>– Balancing local communities' socioeconomic needs with the national demand for infrastructure to meet the UK's climate ambitions.</li> <li>– Policies and practices that support a just and fair transition to net zero.</li> <li>– Maintaining high employment standards, including Living Wage, safe workplaces, and a culture that promotes inclusion and diversity.</li> <li>– The responsible behaviour of large businesses including tax policies and tax transparency.</li> <li>– Clear communications when responding to storms and maintaining network resilience.</li> </ul>
<b>Suppliers, contractors and partners</b>		
<p>SSE relies on a healthy supply chain and works with partners whose capabilities offer synergies for innovative project development and efficient ownership structures.</p> <p>See <a href="#">pages 51 to 52</a> ➤</p>	<ul style="list-style-type: none"> <li>– Executive Director meetings with strategic partners and suppliers.</li> <li>– Board-wide engagement with key supplier partners through the annual strategy day.</li> <li>– Updates on joint venture project strategy and progress.</li> <li>– Reports on contractor safety performance and initiatives.</li> </ul>	<ul style="list-style-type: none"> <li>– The management and mitigation of health and safety risks on SSE's sites.</li> <li>– The impact of supply chain constraints on large capital project delivery.</li> <li>– Improving procurement approach to minimise risk exposures in high-risk jurisdictions.</li> <li>– Economic opportunities in local supply chains.</li> <li>– Ensuring supply chain resilience and sustainability through mitigating and managing key environmental and social impacts.</li> <li>– Ensuring supply chain respect for human rights and addressing modern slavery concerns.</li> <li>– The approach to project decisions and innovation.</li> <li>– Prompt payment and fair expectations around project delivery.</li> </ul>

## Assessing Board performance

The Board undertakes a yearly review of the impact of its activities, the strength of its decisions, and the unique contributions made by each Director. This scrutiny ensures its ongoing performance, growth and effectiveness.

### Progress against 2023/24 actions

The Board made progress on areas highlighted as opportunities for refinement following last year's Board performance review.

Previous opportunities for refinement	Progress on actions agreed by the Board
NZAP Plus execution and growth	The Board has continued to enhance its oversight and engagement with management on the NZAP Plus. It receives regular progress updates on performance and execution, as well as project-specific deep dives ( <a href="#">pages 94 to 96</a>  ).
Enhancing stakeholder engagement	The Board considered supply chain dynamics and heard directly from external speakers, including suppliers, at the annual strategy day. The Board continued to consider policy developments and oversaw an extensive programme of engagement with policymakers and regulators ( <a href="#">pages 94 and 102 to 104</a>  ).
Board succession and Committee Chair changes	The Board, supported by the Nomination Committee, has conducted a comprehensive review of Board composition, skills and tenure. This year, effective succession planning has resulted in the appointment of Martin Pibworth as Chief Executive designate and Hixonia Nyasulu as Senior Independent Director designate ( <a href="#">pages 107 to 112</a>  ).

### 2024/25 independent Board performance review process

This year's Board and Board Committee performance reviews were externally facilitated by Heidrick & Struggles, with Alice Breeden as the Principal Reviewer. This was the only contractual connection between SSE, the individual Directors and Heidrick & Struggles. Heidrick & Struggles have reviewed this section and agreed that its contents are accurate. This review is in full compliance with the Chartered Governance Institute's Code of Practice for Independent Board Reviewers.

#### STAGE 1 Choosing an independent provider

- Several Board performance review providers were invited to provide a proposal for this year's review.
- An initial shortlist of respondents were interviewed about their proposal. Areas explored included their approach, previous experience, cultural alignment through shared values, communication style and use of digital platforms.
- A final shortlist of two candidates were each interviewed by the Chair, Senior Independent Director and Group General Counsel and Company Secretary. A recommendation was then made to the Nomination Committee and the Board, and Heidrick & Struggles were confirmed.

#### STAGE 2 Designing the performance review

The review approach – including interviews, a questionnaire, document review, meeting observation and capability review – was agreed in discussions with the Principal Reviewer to ensure a comprehensive assessment of all aspects of the Board's effectiveness.

#### STAGE 3 Conducting the review

- Between July and October 2024, the Principal Reviewer interviewed each Board member as well as the Group General Counsel and Company Secretary. The interviews included open conversation and discussion of topics relevant to the effectiveness of the Board and its Committees.
- Between September and October 2024, Board members completed a questionnaire rating the extent to which they agreed with statements.
- The Principal Reviewer attended the November 2024 Board meeting in person to observe Board dynamics and operations in action.
- A range of documents, including Board and Board Committee materials, agendas and minutes, was thoroughly reviewed. This also supported the capability review.

The Group General Counsel and Company Secretary facilitated this process by ensuring that Heidrick & Struggles had appropriate access to Board members and the materials needed for the review.

#### STAGE 4 Reviewing the report, discussions and actions

- Heidrick & Struggles produced the Board and Board Committee performance review reports for review in December 2024.
- The Chair, Chief Executive and Group General Counsel and Company Secretary met with the Principal Reviewer to discuss the report findings before these were shared with the Board.
- The Principal Reviewer presented the review findings to the Board in person at the January 2025 meeting. This gave members the opportunity to discuss the findings and to share their thoughts on key strengths and opportunities for refinement.

2024/25 independent Board performance review findings

The findings of this independent Board performance review were very positive, with the Board found to be operating effectively and led by a strong Chair. Key strengths included:

- Board dynamics and commitment.** Board members were united in their commitment to support SSE's growth and success. This commitment extends beyond the boardroom through mentoring and coaching individuals across the Company and actively engaging with SSE's talent pipeline.
- Robust composition.** The Board's composition was seen as strong and fit for the strategic direction of SSE, with each Board member bringing distinct strengths. Recent appointments have further enhanced the Group's composition and skillsets through expanded industry backgrounds, international experience and non-UK and Ireland perspectives.
- Effective governance processes.** The review highlighted that the Board had strong and continually improving governance processes, reflecting its commitment to fostering transparency and collaboration. Informed discussions with Board materials have become more concise and focused.

While the review findings were highly positive and confirmed the Board was operating effectively, as with all balanced processes opportunities for refinement were highlighted.

Opportunities for refinement	Commentary and actions
<b>Executive talent and succession planning</b>	<p>While highly complimentary of the composition of the Board, the review suggested continuing to focus on executive talent and succession planning. Supporting actions agreed by the Board included:</p> <ul style="list-style-type: none"><li>Continuing both formal and informal talent engagement between all Board members and the talent pipeline at varying levels of seniority.</li><li>Formal governance arrangements supporting the Chief Executive succession.</li><li>A detailed onboarding programme for Hixonia Nyasulu ahead of her appointment as Senior Independent Director, becoming effective after the AGM in July 2025.</li></ul>
<b>Oversight and further alignment on opportunities</b>	<p>In light of SSE's ambitious growth strategy, the review highlighted an opportunity to strengthen alignment on international markets. As a result, the Board agreed to dedicate additional time during the June 2025 strategy day to explore strategic principles around potential international opportunities.</p>
<b>Board operations</b>	<p>The review highlighted ongoing work to refine Board operations, questioning whether more time should be allotted for non-Executive Directors to discuss topics. Supporting actions agreed by the Board included:</p> <ul style="list-style-type: none"><li>Providing additional feedback and training to improve submissions to the Board through the continued use of paper templates and executive summaries.</li><li>Prioritising and reviewing agenda requirements against time constraints for Board meetings.</li><li>Additional non-Executive Director meetings outside of Board meetings to allow for additional discussion, with the first of these taking place in March 2025.</li></ul>

Chair performance

In conjunction with the SID, it was agreed that the performance of the Chair would be evaluated as part of Heidrick & Struggles' review. This found that the Chair encourages open communication and diverse perspectives, balances support and challenge, and promotes a forward-thinking vision that enriches Board discussions.

He maintains effective relationships with all Directors built on a strong foundation of trust. He supports and drives a committed and inclusive culture that encourages constructive debate. His positive and open tone contributes to effective meetings. The review confirmed that he gives enough time to the role, shows effective leadership and meets the requirements of the UK Corporate Governance Code 2018.

Individual Director performance

Individual Director performance and contributions were assessed through a series of one-to-one meetings with the Chair. These sessions included discussion of personal development and training needs, as well as of boardroom culture and process. The findings, in combination with individual skills (see [page 90](#) 📄), time commitments, and independence assessments (see [pages 110 to 111](#) 📄) confirmed that each Director continues to contribute positively.

Board Committees

It was confirmed that each Committee provided effective Board support. The Chairs oversaw specific findings and the agreement of actions for their Committee, while also considering the findings of the overall Board performance review. Each Committee will continue to monitor progress – see [pages 107 to 153](#) 📄 for details in Committee Reports.

## Nomination Committee Report



We've worked extensively on succession planning for the Chief Executive and Senior Independent Director positions to prepare for significant Board changes in the coming year."

**Sir John Manzoni**  
Committee Chair



### The role of this Committee

The Nomination Committee brings a dedicated focus to people-centred matters. It leads the process for Board and executive appointments, monitors senior talent pipelines, promotes leadership diversity, and ensures that proper procedures are in place for the nomination, selection, training and evaluation of Directors.

For details of the role and responsibilities of the Committee, see its Terms of Reference on [sse.com](https://www.sse.com)

I'm pleased to present our Committee report for 2024/25. This sets out the key activities and matters considered by this Committee in what has been a particularly busy year.

We've worked extensively on succession planning for the Chief Executive and Senior Independent Director positions to prepare for significant Board changes in the coming year. This report explains how we've supported the Board in securing successors for these pivotal roles. It also covers changes to Board Committee composition, Hixonia Nyasulu's tailored induction, Directors' time commitments, non-Executive Directors' independence, and our ongoing focus on succession and diversity at Board and senior management level.

### Chief Executive succession

After the November 2024 announcement that Alistair Phillips-Davies will retire as Chief Executive in 2025, our Committee focused on developing succession plans to ensure a robust selection process for the role. We engaged executive search specialists Korn Ferry for advice and support.

This process involved an external search, as well as benchmarking and evaluating our internal talent pipeline. Our Committee agreed a detailed Chief Executive Success Profile laying out the desirable attributes, skills and experience, and this was used in considering potential candidates from a diverse range of backgrounds. Members of this Committee met with shortlisted candidates, and those who progressed also took part in leadership assessment interviews and psychometric evaluations.

At the end of this competitive process, our Committee was delighted that the Board approved our recommendation to appoint Martin Pibworth as our new Chief Executive. Martin is a proven industry leader, with deep sector experience and a highly strategic outlook. He clearly has the attributes needed to be a successful Chief Executive at this exciting time for SSE – and will formally take over from Alistair after our AGM on 17 July 2025.

### Board changes

With Senior Independent Director (SID) Helen Mahy reaching the end of her Board tenure in 2025, we assessed the Board's composition and agreed that a new Board member would bring fresh perspectives to this key role. With the support of executive search firm Russell Reynolds Associates, we began a comprehensive search for a new non-Executive Director to replace Helen.

This rigorous process resulted in our recommendation that Hixonia Nyasulu be appointed as a non-Executive Director and SID designate. We were confident that her significant international experience at Board level and knowledge of capital-intensive, safety-critical businesses would enhance the Board's leadership and governance capabilities. The Board approved our recommendation, and we were pleased to welcome Hixonia to the Board on 1 January 2025.

Hixonia will take over as SID when Helen steps down from the Board after our 2025 AGM. We would like to thank Helen for her valuable contribution to SSE throughout her time here.

### Priorities for 2025/26

The outcomes of the Board and Board Committee's performance review facilitated by Heidrick & Struggles (see [pages 105 to 106](#) ) have given us a clear plan for the year ahead. A key focus will be working with Executive Directors and Group HR to monitor the effectiveness of action plans to enhance the diversity and breadth of experience of the Group Executive Committee and senior leaders.

Given the significant changes to our leadership this year, we'll continue to consider Board succession plans and particularly Committee Chair roles in the context of planned Board departures. We'll also oversee the transition of the key roles of SID and SSHEAC Chair to Hixonia Nyasulu and Dame Angela Strank, respectively.

With a successor for the Chief Executive role now secured, we'll also work closely with the Group General Counsel and Company Secretary to ensure a focused and tailored induction. We look forward to supporting Martin as he leads SSE through its next phase of development and growth.

On behalf of the Committee, I'd like to thank you for reading our report. We hope you find it an informative and clear account of our work during the year.

**Sir John Manzoni**  
Chair of the Nomination Committee

20 May 2025



Governance

Membership and attendance

The Committee comprises all SSE non-Executive Directors and the Board Chair, who is also the Committee Chair. The Group General Counsel and Company Secretary is the Secretary, and Executive Directors attend meetings as appropriate. See [pages 87 to 90](#) for member biographies. The Committee met nine times in 2024/25, with attendance set out on [page 93](#).

Board and Committee performance review

The Committee oversaw a robust process to choose an external provider for the 2024/25 Board and Board Committee performance review ([pages 105 to 106](#)). This resulted in the Committee approving the appointment of Heidrick & Struggles.

The annual review of Committee performance confirmed that the Committee continued to operate effectively and led to agreed actions for 2025/26.

Review confirmed

- The Committee is **led by a strong Chair** who proactively drives succession planning with a focus on diversity.
- A **strong Director onboarding process** has been established by the Committee, with a customised induction programme tailored to each new Board member.
- The Committee **effectively uses sub-groups** to lead focused discussions.
- Committee members **actively engage with SSE’s pipeline of emerging leaders** through talent sessions, Board presentations and informal interactions.

Actions for 2025/26

- **Further accelerate executive planning processes** by continuing to regularly review the talent pipeline.
- **Continue to focus on enhancing the diversity** around the organisation and breadth of experience of the Group Executive Committee.
- **Consider Committee Chair** succession and ensure a smooth transition process for the SSHEAC Chair given the specialised nature of that Committee.

Ensuring effective leadership

Board composition

As the biographies ([pages 87 to 90](#)) and tables outlining the Board’s composition and competencies ([page 90](#)) show, the SSE Board is diverse in terms of skills, experience, gender and ethnicity.

This Committee regularly assesses Board composition against the criteria it believes is needed to effectively lead SSE in delivering its strategy, setting and overseeing the desired culture and values, and ensuring long-term sustainable success. The Board’s skills matrix sets out what these attributes are ([page 90](#)) and this is used to guide succession planning. The Board’s Inclusion and Diversity Policy, planned departures, and the regulatory landscape in which SSE operates also inform this process.

Board renewal

Having identified the need for a non-Executive Director to succeed Helen Mahy as SID, in 2024/25 this Committee was instructed by the Board to initiate a comprehensive recruitment process. As set out in the Chair’s introduction to this report, the Committee recommended to the Board that Hixonia Nyasulu be appointed as a non-Executive Director and SID designate. The Board approved this recommendation, and Hixonia joined the Board on 1 January 2025. Details of the appointment process are in the table on [page 109](#).

After the AGM in July 2025, Helen Mahy will retire from the Board having served just over nine years. To ensure a smooth transition of the SID role to Hixonia Nyasulu, a limited time extension to her tenure was approved by the Board as recommended by this Committee.

During 2024/25, this Committee recommended to the Board that Lady Elish Angiolini and Debbie Crosbie, both of whom had completed their initial three year-terms as non-Executive Director, be appointed for second three-year terms. The Board also approved the Committee recommendation that Melanie Smith be appointed for her third three-year term. These recommendations were supported by the continued independence, experience and contribution of these Directors. No Director took part in discussions or decisions related to their own re-appointment.

Chief Executive succession

After Alistair Phillips-Davies announced that he would retire in 2025, the Board, building on its long-term Chief Executive succession planning activity, asked the Chair to lead the recruitment process working with this Committee.

Throughout the process, this Committee acted in line with the Board’s Inclusion and Diversity Policy (see [page 112](#)) and considered the benefits of diverse representation. As set out in the Chair’s introduction to this report, the process resulted in the Committee recommending to the Board that Martin Pibworth be appointed as Chief Executive. The Board approved this recommendation, and Martin will formally take over from Alistair Phillips-Davies after SSE’s AGM on 17 July 2025. Details of the appointment process are in the table on [page 109](#).

Alistair Phillips-Davies will step down from the Board at the end of the 2025 AGM before leaving SSE in November 2025. He will remain as non-Executive Chair of SSN Distribution during this time.

## Key roles appointment process

### STEP 1: Confirming objectives

#### Process for appointing a new Independent non-Executive Director and SID

The Board and Nomination Committee agreed that a new non-Executive Director would bring fresh perspectives to the SID role. While this was the primary objective of the recruitment process, the Committee also saw the opportunity to close potential gaps in experience and diversity, particularly in the context of planned Board departures.

#### Process for appointing a new Chief Executive

After Alistair Phillips-Davies announced his intention to retire during 2025, the Board delegated authority to the Chair to lead the recruitment process with this Committee. The Committee assessed existing succession plans for the Chief Executive role and agreed on a selection process, in which external and internal candidates with diverse backgrounds and experience would be considered.

### STEP 2: Engaging an external recruitment firm and agreeing the role specification

Russell Reynolds Associates\* was engaged to support this process. They worked with the Committee to refine the role specification setting out the attributes needed to be an effective SID and enhance the Board. These attributes included:

- Board-level experience at a business of a certain scale and complexity with international operations.
- Experience as a non-Executive Director.
- Strong interpersonal skills.

Korn Ferry\* was appointed to assist with the process and provide advice. They worked with the Committee to refine a Chief Executive Success Profile that set out the attributes needed to lead SSE in successfully executing its existing strategy and the transition to clean power in the future. These attributes were multi-dimensional and included:

- Experience in defining, planning, and shaping strategies and initiatives that set organisational direction.
- A track record of dealing productively with key external stakeholders such as regulatory bodies, government agencies, industry groups and investors.
- The ability to take a global and enterprise-wide lens to issues and build capabilities to scale the business globally at the appropriate time, while staying attuned to local country business and cultural dynamics.

### STEP 3: Assessing how the role specification could be met through a longlist

Supported by Russell Reynolds Associates, a longlist of candidates was collated using as broad a brief as possible. A sub-group of this Committee – the Chair, Helen Mahy, Tony Cocker, John Bason and Debbie Crosbie – was given authority to review the longlist against the role specification considering levels of interest, bandwidth and potential conflicts.

Using the Chief Executive Success Profile, Korn Ferry undertook a comprehensive market-mapping exercise to identify and evaluate a wide and diverse range of external candidates. They then presented a number of potential executives for consideration. Our Committee selected a longlist of primary candidates for Korn Ferry to approach and gauge interest, while at the same time assessing the internal talent pipeline.

### STEP 4: Reviewing technical and cultural fit to agree a shortlist

The Committee agreed a shortlist of candidates to meet with each member of the sub-group. After these meetings, feedback was given to the full Committee. The Committee then chose a preferred candidate who was invited to meet with the remaining members of the Nomination Committee and the Executive Directors.

Once they had engaged with the longlist of preferred candidates, Korn Ferry fed back to the Committee. After careful consideration, a shortlist of candidates was asked to attend interviews with a sub-group of this Committee: the Chair, Tony Cocker, Helen Mahy, Maarten Wetselaar and John Bason. The interviews were then discussed and a small number of shortlisted candidates were chosen to progress. They undertook detailed assessments with Korn Ferry, including leadership and market interviews and psychometric assessments.

### STEP 5: Making a recommendation to the Board

Hixonia Nyasulu was recommended to the Board as new Board member and SID designate. This Committee agreed that Hixonia's skills and experience were in line with the role specification and that she would be a good cultural fit. This followed confirmation of her independence and capacity to take on the role.

The Committee discussed the merits of the final candidates and evaluated the pros and cons of appointing an internal versus an external candidate. Considering the opportunities, risks and skills needed for the future, as well as the complementary skills of the SSE team, Martin Pibworth was chosen as the outstanding candidate. The Board approved his appointment after considering this Committee's recommendation.

\* Neither Russell Reynolds Associates nor Korn Ferry have any other connection with SSE or individual Directors. Both are signatories to the voluntary code of conduct for executive search firms.

### Committee changes

In appointing Board Committee members and key Board roles, this Committee strives to:


- Ensure alignment between skills and specific Committee and individual responsibilities.
- Prevent undue reliance on any one Director.
- Comply with recognised guidance, including the UK Corporate Governance Code (the Code).

As part of succession planning for the Board roles held by Helen Mahy, the Committee recommended Dame Angela Strank as Chair of the SSHEAC. This was approved by the Board and will take effect after the 2025 AGM. Angela has been a member of the SSHEAC since 2020. She has extensive knowledge of safety, sustainability, health and environmental matters. This includes non-executive experience on Rolls-Royce's Safety, Energy Transition & Tech Committee and as Chair of Mondi's Sustainable Development Committee, and executive experience as BP's Chief Scientist and Head of Downstream Technology.

After a recommendation from the Committee, the Board also agreed that Hixonia Nyasulu would join the Nomination Committee on 1 January 2025 and the Audit Committee and SSHEAC after the 2025 AGM.

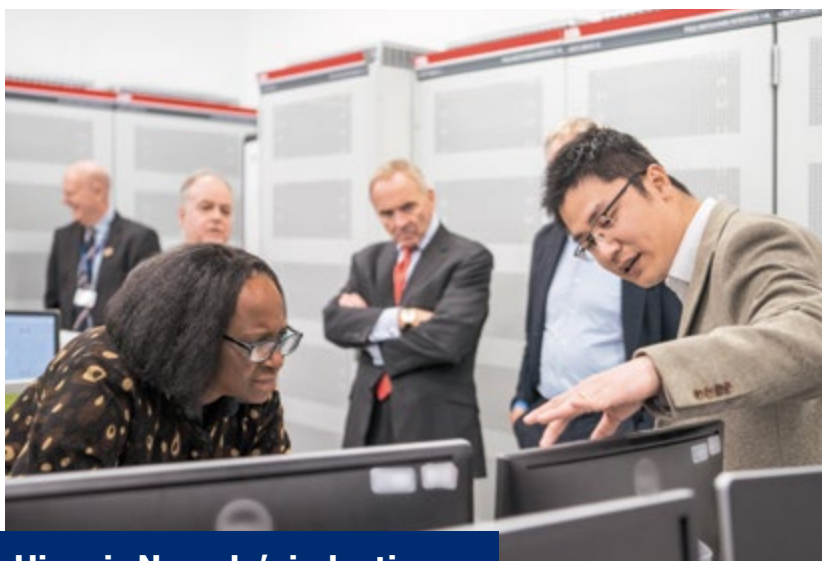
### External appointments

This Committee also ensures Directors have the time to perform their roles on the Board and its Committees. Before each Director's appointment, the individual's external commitments and demands on time are assessed to confirm their capacity for the role. The amount of time expected for the role is specified in their Letter of Appointment, and Board members can only accept additional commitments with approval from the Board. Approval is only granted when the Board has reviewed the individual's circumstances and is satisfied that the Director can continue to give enough time to their SSE role.

During the year, approvals were given for Sir John Manzoni, John Bason and Melanie Smith. Key changes are reflected on [pages 87 to 90](#) . In each case, the Board was satisfied that the appointment would not affect the Director's time commitment to SSE or create a conflict of interest.


Sir John Manzoni became Chair of Diageo plc on 5 February 2025, having received clearance from the Board in 2023/24. Before assuming this role, he made changes to his external appointments by resigning as Chair of the Atomic Weapons Establishment. In January 2025, this Committee reviewed Sir John's external appointments, considering relevant proxy advisory guidance and investor policies, and reaffirmed that there are no concerns with his ability to devote enough time to meet his SSE responsibilities. The SID chaired the Committee during this process.

### ▼ Hixonia Nyasulu visits the National HVDC Centre in Cumbria



### Hixonia Nyasulu's induction

**Hixonia Nyasulu joined the Board on 1 January 2025. Her ongoing induction programme is tailored to familiarise her with SSE's operations and key stakeholders. It will prepare her for becoming Senior Independent Director and joining the Audit Committee and SSHEAC in July 2025.**

The programme has been delivered in phases, with the most material information provided early on. Hixonia has attended numerous knowledge-based sessions with internal functions and external advisors on a range of topics including: SSE's purpose, strategy and business model; the energy sector and trends; SSE's energy portfolio and long-term energy markets; corporate governance and Board operations; legal and regulatory views of the external environment; and IT and cyber security. She has also visited SSN Transmission's simulation, testing and training centre for High Voltage Direct Current (HVDC) systems to gain insight into the use of HVDC on the GB transmission network. See [page 96](#) .

### Senior Independent Director role

Meetings and discussions with Helen Mahy are ongoing, with Helen providing a detailed overview of the key aspects of the SID role specific to SSE. Hixonia has also met with the Director of IR, Director of Corporate Affairs, Regulation and Strategy, and SSE's brokers to become familiar with key stakeholders and their priorities.

### Committee roles

Hixonia's induction for her Audit Committee role has included internal sessions with the Chief Financial Officer and senior members of the finance team on financial performance and strategy, funding, assurance, and risk management. She has also attended external sessions with the Group's auditor and financial advisors. For her SSHEAC role, she has met and discussed pertinent matters with the Chief Sustainability Officer, Group Safety, Health and Environment Manager, and Director of HR.

## Conflicts of interest and independence

The Committee reviews SSE's Conflicts of Interest Register and the independence of Board members. This involves considering the principles relating to independence in the Code and taking into account each Director's character, objectivity and integrity.

After its review in 2024/25, the Committee recommended that the conflicts or potential conflicts of interest detailed in the Register be authorised and that all non-Executive Directors be seen as independent. This was confirmed by the Board.

## Inducting new Directors

All Directors receive a comprehensive and bespoke induction. This is designed with the Chair and Group General Counsel and Company Secretary considering each Director's expertise and potential Board or Committee roles. It includes one-to-one meetings with the Chair, Executive Directors, Group General Counsel and Company Secretary, members of the Group Executive Committee, and other senior leaders.

Inductions familiarise Directors with SSE's operations, strategy, culture, governance, and the regulatory environment in which it operates. They also generally include meetings with external advisors and visits to key sites. Once appointed, Directors are given access to SSE's electronic Board paper system – this contains past Board and Committee papers, key internal policies, and information on the duties of being a Director of a listed company.

Martin Pibworth's tailored induction is ongoing as he transitions to Chief Executive after the 2025 AGM. The programme takes account of his extensive experience at SSE and existing knowledge of the industry and sector. Its primary focus is on the role and responsibilities of a Chief Executive of a listed company, and it includes meetings with advisors, investors and other stakeholders.

To prepare for Dame Angela Strank's transition to SSHEAC Chair in July 2025, meetings have been held with key colleagues on inputs to Committee business, current trends and issues. She will also meet with the outgoing Chair Helen Mahy to review the Committee's operations and ensure a smooth handover.

## Capability and development

### Succession planning

The Committee works closely with Group HR to support SSE's continued ability to recruit talent and develop the skills, experience and knowledge needed at Executive Director and below-Board level to ensure the Company's long-term success. The internal pipeline of people with the potential to move into key leadership and functional roles, whether in the short or

longer term, is regularly reviewed and challenged. Recent hires and external talent pools are also considered.

## Building capability and capacity

SSE is committed to investing in its people through targeted development initiatives to build capability. External providers support with some of these initiatives, which are designed to create the education, exposure and experience required to deliver SSE's strategy.

To support this, the Committee regularly reviews development activity and oversees talent programme participation. Members of this Committee also engage with SSE's emerging leaders through talent sessions, Board presentations, informal interactions, and opportunities for coaching and mentorship. Colleagues are invited to present at Board-level meetings, and non-Executive Directors interact with emerging leaders at business-led sessions and internal conferences.

## Inclusion and diversity

SSE's Group-wide inclusion and diversity strategy is explained on [pages 55 to 56](#) and in SSE's Inclusion and Diversity Report 2025 available on [sse.com](#). Board and senior leadership diversity ambitions and targets are set in line with the FTSE Women Leaders Review, the UK Listing Rules and the Parker Review. See the table on [page 112](#) for details of the gender and ethnic diversity on the Board and Executive Committee.

### Board diversity

The Board aims to set the right tone from the top and foster a diverse culture that welcomes all views, perspectives and experiences. To this end, it operates under a standalone Inclusion and Diversity Policy which aligns its membership with SSE's purpose, strategy and values through agreed principles and ambitions. The full policy can be found on [sse.com](#).

This Committee reviews the policy each year and from time to time recommends changes that may enhance the diversity of the Board and its Committees. No changes were proposed or made in 2024/25. Policy implementation is assessed by reviewing the diversity of the Board and Committees and evaluating progress and compliance against set goals – see [page 112](#).

### Senior leadership diversity

The Committee reviews inclusion and diversity at below Board level, including strategy, plans and activities to create a more inclusive and diverse environment. It works with the Executive Directors and Group HR to develop action plans that support SSE's stretching senior leadership diversity ambitions and monitors their progress.

## Coaching emerging talent

### 2024/25 highlights

- Dinners for senior women leaders were held in May and November 2024 and attended by Melanie Smith, Lady Elish Angiolini, Dame Angela Strank and Helen Mahy. These were an opportunity to gather insights and have open and honest conversations in a supportive environment.
- Dame Angela Strank joined SSE's leadership training programme in September 2024 to engage with and support future talent. She noted the strong diversity there – particularly in education, gender and ethnicity – and felt this would create a strong leadership pipeline.
- John Bason, Debbie Crosbie and Helen Mahy went to Group leadership events in Reading and Dublin in January 2025 for both formal and informal interaction. These events provided an opportunity for open conversation, and to observe and informally coach emerging talent.

As reported last year, the Committee endorsed an ambition of 6% ethnic minority representation in senior management to be achieved by December 2027. The Committee is monitoring progress and believes this ambition remains credible and stretching. See [page 55](#) for details on progress across all senior leadership diversity ambitions.

The Committee also worked during the year with Group HR to identify levers to improve gender diversity in the Group Executive Committee and its direct reports. These include programmes to support colleagues returning from extended leave (such as maternity leave), bespoke networking channels, and learning and development programmes. Improving opportunities for diverse candidates will continue to be a priority for this Committee, as every change to the composition of this relatively small group of people can affect how quickly goals are achieved.

More broadly, the Committee was pleased to see positive progress in inclusion and diversity overall at SSE, with stronger representation of women, ethnic minorities and disabled people.



### Board Inclusion and Diversity Policy

#### How the policy links to strategy

People are at the heart of the transformational change needed to achieve net zero, and SSE believes innovative solutions to climate change require diverse views, experiences and skills. A diverse Board brings constructive challenge and fresh perspectives to discussions. The principles of equality, fairness, inclusion and diversity must be at the centre of everything SSE does to effectively drive the transition to net zero.

#### Policy principles

##### Leadership and composition

- Identify Board and Committee needs including the balance of diversity characteristics.

See [page 90](#).

##### Recruitment

- Adopt a formal and inclusive Board recruitment process.
- Engage executive search firms who have signed the enhanced code of conduct and discuss ambitions for diverse candidate lists.
- Recruit based on an objective and shared understanding of merit.

See [pages 108 and 109](#).

##### Culture and strategy

- Nurture an inclusive Board and Committee culture.
- Be aware of stakeholder expectations and challenge targets in wider strategy.

See [pages 98 and 111](#).

##### Succession

- Oversee work to develop a diverse talent pipeline.

See [page 111](#).

#### Policy goals

- **Goal.** Board members at least 40% women, with the aim to stay as close to an even gender balance (50%) as possible on a rolling basis.  
✓ 46% women on the Board as at 20 May 2025. 44% rolling three-year female representation as at 31 March 2025.
- **Goal.** At least one woman in the roles of Chair, Senior Independent Director, Chief Executive or Chief Financial Officer.  
✓ The role of Senior Independent Director is held by a woman.
- **Goal.** At least one Director from an ethnic minority background.  
✓ Two Directors are from an ethnic minority background.
- **Goal.** At least one woman as a member of each of the Board Committees.  
✓ At least two women sit on each of the Board's Committees.

### Compliance against FCA Listing Rule 6.6.6(9)

As at the Company's chosen reference date, 31 March 2025, SSE confirms it has met the targets set out under LR 6.6.6(9). In line with LR 6.6.6(10) as at the reference date, the composition of the Board and Executive Management was as follows:

#### Gender (sex)

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in Executive Management <sup>1</sup>	Percentage of Executive Management <sup>1</sup>
Men	7	54%	3	10	91%
Women	6	46%	1	1	9%

#### Ethnic background

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in Executive Management <sup>1</sup>	Percentage of Executive Management <sup>1</sup>
White British or other White (including minority-white groups)	11	84.6%	4	11	100%
Mixed/Multiple Ethnic Groups	–	–	–	–	–
Asian/Asian British	–	–	–	–	–
Black/African/Caribbean/Black British	1	7.7%	–	–	–
Other ethnic group	1	7.7%	–	–	–
Not specified/prefer not to say	–	–	–	–	–

<sup>1</sup> Executive Management within SSE is the Group Executive Committee including the Committee Secretary.

At the conclusion of the AGM on 17 July 2025, Helen Mahy and Alistair Phillips-Davies will retire from the Board. Martin Pibworth will be appointed as Chief Executive and Hixonia Nyasulu will assume the role of SID ([pages 108 and 109](#)). Changes in composition will not affect compliance with LR 6.6.6 and the goals within the Board's inclusion and diversity policy.

Gender information is captured from legal documentation provided by the employee and recorded in SSE's HR data system, which maintains a 100% completion rate. This is what is used when reporting the gender diversity of the Board and Executive Management. Ethnicity data is given voluntarily and can be recorded directly in SSE's HR data system or via a secure online form which feeds into the system. SSE has 100% voluntary completion of ethnicity data at Board and Executive Management level. All diversity data reporting is completed securely and in a way that protects anonymity, so that no one person can be identifiable. All information is strictly confidential in accordance with SSE's Privacy Notice in line with the UK and ROI General Data Protection Regulations (UK GDPR and GDPR 2018 and DPA 2018).

# Audit Committee Report



**We're confident that SSE continues to maintain a strong control environment, ensuring financial integrity and compliance."**

**John Bason**  
Committee Chair



## The role of this Committee

The Audit Committee provides a dedicated focus to:

- Financial reporting
- External audit
- Internal audit
- Internal controls and risk management

For more details on the Committee's role and responsibilities, see its Terms of Reference on [sse.com](https://www.sse.com).

I'm pleased to present our Committee report for the financial year 2024/25. This report sets out the key activities and focus areas considered by the Committee during the year. We supported the Board by providing independent oversight and assurance of SSE's financial reporting, internal controls and risk management frameworks. This year, we also oversaw progress on enhancements to the Group's non-financial reporting metrics, as well as the development of an appropriate non-financial reporting assurance framework.

## Assuring non-financial reporting

We recognise that the role of non-financial reporting will continue to grow over the coming years. This provides valuable insights into SSE's performance and strategy, enhancing transparency for our stakeholders. In recognition of this, we agreed to an appropriate risk-based assurance framework. Reflecting rising stakeholder expectations and evolving reporting standards, we have placed particular focus on climate-related disclosures and cyber security.

Following PwC's decision to no longer assure certain sustainability metrics, we undertook a selection process and appointed our External Auditor, EY, to independently assure these metrics. We believe this approach will bring efficiencies by aligning both financial and non-financial information.

## Internal controls and governance reforms

We received updates during the year on the work underway to prepare SSE for the changes introduced by the UK Corporate Governance Code 2024 (the Code). A new requirement of the Code is Provision 29. This requires the Directors to formally declare that the Group has appropriate systems to monitor and review the effectiveness of material internal controls and risk management frameworks.

While this change will only apply from SSE's financial year 2026/27, we have proactively taken steps to strengthen our approach to overseeing and assuring our internal controls. We see the changes brought about by the Code as an opportunity to further enhance governance, drive accountability and reinforce stakeholder confidence in our control environment and risk management framework.

In September 2024, we oversaw the launch of SSE's new Financial Controls Centre of Excellence. We endorsed a three-year roadmap to evolve our financial control framework, advance our approach to assurance, and embed a stronger control culture across the business. As part of our oversight, the Financial Controls Team updated us on implementation progress and alignment with our strategic objectives.

## Enhancing financial insights

During the year, we established a rolling engagement programme with SSE's Business Unit Finance Directors, who presented to our Committee on their specific areas. These sessions provided updates on the operational and financial dynamics of each Business Unit and have been invaluable in strengthening our oversight and informing our approach to risk, assurance and performance monitoring. They also enabled us to identify opportunities for Finance to provide enhanced support to the Business Units.

I'd also like to recognise the valuable impact that Barry O'Regan has made on both our work as a Committee and the Finance function. During his first year as Chief Financial Officer, Barry has continued to develop our already strong Finance function

through structural enhancements and a strong focus on building talent capability. These developments have been complemented by enhanced financial controls, streamlined reporting processes, and a greater focus on strategic planning.

## Fair, balanced and understandable

During the year, we successfully ensured the integrity and reliability of the Company's financial reporting.

Our Committee helps the Board make sure that the Annual Report and Accounts are fair, balanced, and understandable and that shareholders have the information needed to evaluate the Company's position, performance, business model, and strategy.

We confirm that the 2024/25 Annual Report and Accounts meet these standards and that the Directors have provided necessary information for shareholders. See [page 114](#) of this report for details of the review process.

## Committee changes

Hixonia Nyasulu will replace Helen Mahy as a member of the Committee, as Helen retires from the Board after the 2025 AGM. I'm looking forward to working with Hixonia, who brings significant international energy sector knowledge, as well as UK and international board experience, which will no doubt strengthen our discussions and oversight. I would also like to sincerely thank Helen for her diligent and thoughtful contributions to the Committee.

As a Committee, we're confident that SSE continues to maintain a strong control environment, ensuring financial integrity and compliance. I hope you find this report valuable in understanding how our Committee has worked to ensure this.

**John Bason**  
Chair of the Audit Committee

20 May 2025

## Governance

### Membership and attendance

The Committee comprises five non-Executive Directors. John Bason and Debbie Crosbie bring strong financial experience. Tony Cocker, Maarten Wetselaar and Helen Mahy bring strong energy sector experience (Helen will be replaced by Hixonia Nyasulu after the 2025 AGM). See [pages 87 to 90](#) for biographies of each member. The Board Chair, CFO, Director of Group Risk and Audit, External Auditor and Committee Secretary also attend each Committee meeting. Senior finance and business managers are invited as required to report on specific business matters.

To facilitate open dialogue, the Committee also meets privately at least twice a year with the Director of Group Risk and Audit and External Auditor without management present.

The Committee met four times in 2024/25, with attendance set out on [page 93](#).

### Committee performance review

Heidrick & Struggles facilitated this year's review of the Committee's performance (see [pages 105 to 106](#)). This confirmed that the Committee continues to operate effectively and led to agreed actions for the year ahead.

The 2023/24 evaluation identified several key actions: making Internal Audit reporting more accessible, increasing the Committee's knowledge of Business Unit Finance teams, and overseeing the review, enhancement and assurance of non-financial metrics. Good progress was made in terms of Internal Audit reporting and Business Unit Finance teams, and these actions were closed. While progress was also made on non-financial metrics, this will stay on the Committee's agenda.

### Review confirmed

- The Committee **operates effectively**, with members being well prepared and engaging in open, pragmatic discussions.
- The Committee is **well-structured**, promoting effective governance and financial transparency.
- The Audit Chair and CFO have **seamlessly integrated** into their roles on the Committee.

### Actions for 2025/26

- Refine the Committee's scope to **focus on key activities** and ensure **papers are streamlined**.

## Financial reporting

### Financial statements

This Committee reviews and reports on the accuracy and clarity of the half- and full-year financial statements to ensure the Annual Report contains the information needed to assess SSE's performance and strategy. The Finance team worked with the External Auditor to make sure disclosure was adequate and consistent with IFRS, along with ensuring that alternative performance measures were appropriate.

The Committee discussed reports from management and the External Auditor. It considered the significant financial judgements made by management when reviewing the half- and full-year results. And it recommended that the Board approve the financial statements, the Going Concern statement, and the letter of representation to the External Auditor.

See the independent auditor's report on [pages 272 to 282](#) for the approach to key audit matters.

### Ensuring a fair, balanced and understandable Annual Report

This Committee helps the Board make sure the Annual Report is fair, balanced and understandable – and that it gives shareholders the information needed to assess SSE's performance, business model and strategy.

This year, the Committee:

- Thoroughly verified its factual content.
- Reviewed reports from the External Auditor on material inconsistencies.

- Received feedback during the drafting process from:

- Directors and senior management to make sure key messaging aligned with performance and strategy and narrative sections were consistent with the financial statements.
- Independent senior management to consider messaging and balance.
- SSE's brokers to ensure consistency and balance.

Management confirmed to the Committee that the assurance framework was followed when preparing the Annual Report.

The Committee advised the Board that they considered the Annual Report as a whole to be fair, balanced and understandable.

### Viability statement and Going Concern

This Committee examined and challenged management's assessment of SSE's long-term viability and its ability to continue as a Going Concern, considering SSE's ability to withstand scenarios reflecting its current risk exposures. The Committee was satisfied that the viability assessment process was robust, and that a four-year assessment period remains appropriate.

After reviewing supporting information, the Committee concluded that both the Group and SSE plc as the parent company have enough headroom to continue as a Going Concern. In the unlikely event of not being able to refinance maturing debt, the Group will be able to access the revolving credit facility, defer uncommitted capex, make further cost reductions, and delay or defer dividend payments.

The financial statements have been prepared on a Going Concern basis (see [A6.3](#) Accompanying information to the financial statements).

### Significant financial judgements and estimates

The Committee examined the aspects of financial statements requiring significant judgements or estimation uncertainties, which are set out on [pages 115 to 117](#) and [note 4](#). During the year, the Committee received comprehensive reports from both the CFO and the External Auditor regarding these areas as well as other matters they deemed necessary to bring to the Committee's attention. This allowed the Committee to monitor and challenge those views – and EY also reported on the appropriateness of the judgements.

After discussing the accounting treatment with both management and EY, the Committee confirmed that management's judgements were robust and justified.

### Enhancing the assurance of non-financial information and disclosures

This Committee closely monitors SSE's approach to fulfilling the controls and assurance requirements for material non-financial reporting disclosures. With increasing mandated sustainability disclosures, improving SSE's integrated assurance of non-financial information is a focus. Future requirements include the EU Corporate Sustainability Reporting Directive (EU CSRD), the UK Sustainability Disclosure Requirements, and updates to the Code.

Throughout the year, the Committee received updates on:

- Current assurance activities across SSE's principal non-financial reporting topics.
- Work being done to establish a controls operating model to support compliance with the Code.
- Progress on developing a risk-based non-financial reporting assurance framework.

In the coming year, the Committee will continue to monitor regulatory changes and implications for SSE while overseeing SSE's progress on non-financial reporting: its governance, controls and integrated assurance.

See the statement on non-financial and sustainability information on [page 81](#) for more.

### Sustainability-related disclosures

With the increased focus on sustainability-related financial information, the Committee recognises the need for a governance framework that ensures

sustainability-related disclosures meet high standards. The Committee approved the creation of a Group-level Sustainability-related Financial Disclosures Committee (SFRD) to advise, steer and govern sustainability-related disclosures across the Group. The SFRD will report into the Group Risk Committee.

After a process overseen by this Committee, EY was appointed to audit SSE's sustainability metrics from 2024/25 to 2028/29. This will increase efficiencies and alignment between financial and non-financial information.

This Committee also helps direct SSE's approach to climate-related disclosures in both financial statements and throughout the Annual Report. This year, senior management outlined climate-related risks and opportunities as well as assurance arrangements linked to climate-related disclosures to the Committee. Based on this input, as well as positive stakeholder feedback on the clarity of SSE's climate-related financial disclosures, the Committee

approved the continued integration of these disclosures throughout the Annual Report. This integration makes disclosures more accessible and reflects SSE's holistic approach to managing climate-related issues.

The Committee makes recommendations to the Board as to whether these disclosures are fair, balanced and understandable in the context of SSE's Annual Report.

The Committee also considered climate change and SSE's NZAP Plus when reviewing the Financial Statements in order to approve the significant financial judgements and estimates.

See [pages 71 to 79](#) for SSE's climate-related financial disclosures.

## Significant financial judgements and estimates for the year ended 31 March 2025

Matters considered	How these were addressed by the Committee	Committee conclusions
<b>Impairment testing and valuation of certain non-current assets (financial judgement and estimation uncertainty)</b>		
<p>The Group reviews the carrying amounts of its goodwill, other intangible assets, specific property, plant and equipment and investment assets to determine whether any impairments or reversal of impairments to the carrying value of those assets requires to be recorded. Where an indicator of impairment or impairment reversal exists, the recoverable amount of those assets is determined by reference to value in use calculations or fair value less cost to sell assessments. As well as its goodwill balances, the specific assets under review in the year ended 31 March 2025 are intangible development assets and specific property, plant and equipment assets related to gas storage and thermal power generation.</p> <p>In addition, the Group performed an impairment review over the carrying value of its equity investments in Neos Networks Limited and Triton Power Holdings Limited.</p>	<p>An annual impairment testing and valuation of certain non-current assets exercise is carried out by SSE Finance, with management presenting the outcome of this review to the Committee.</p> <p>In conducting its reviews, the Group makes judgements and estimates in considering both the level of cash generating unit (CGU) at which common assets such as goodwill are assessed against, as well as the estimates and assumptions behind the calculation of recoverable amount of the respective assets or CGUs.</p> <p>Changes to the estimates and assumptions on factors such as regulation and legislation changes, power, gas, carbon and other commodity prices, volatility of gas prices, plant running regimes and load factors, discount rates and other inputs could impact the assessed recoverable value of assets and CGUs and consequently impact the Group's income statement and balance sheet.</p> <p>Further detail of the calculation basis and key assumptions used in the impairment review, the resulting impairment and the sensitivity of this assessment to key assumptions is disclosed at <a href="#">note 15</a>. Detail on the accounting policies applied is included in the Accompanying Information at <a href="#">A1</a>.</p>	<p>The Committee reviewed and challenged the assumptions and projections in the management paper and considered the External Auditor's reporting and findings. Following this review, the Committee supported the judgements made to recommend:</p> <ul style="list-style-type: none"> <li>– an impairment of £249.6m in SSE's Southern Europe platform's goodwill and intangible development assets primarily due to challenges in the Spanish market, particularly those related to delays and obstacles in obtaining planning permissions and grid connection consents.</li> <li>– exceptional charges recognised in relation to the Group's Operating Model and Efficiency review including a £32.2m of asset impairment charges and £14.7m of other restructuring costs.</li> <li>– an exceptional impairment of Enerveo Limited £13.5m to write-down the value of the assets to their recoverable value.</li> </ul> <p>The Committee also supported the recommendation that no impairment or impairment reversal was required to be recognised this year following the impairment review over the carrying value of its equity investments in Neos Networks Limited and Triton Power Holdings Limited, and its gas storage assets.</p>



Significant financial judgements and estimates for the year ended 31 March 2025

Matters considered	How these were addressed by the Committee	Committee conclusions
<b>Retirement benefit obligations (estimation uncertainty)</b>		
<p>The assumptions in relation to the cost of post-retirement benefits during the period are based on the Group's best estimates and set after consulting qualified actuaries.</p> <p>While the assumptions are believed to be appropriate, a change in these would affect both the level of retirement benefit obligation recorded and the cost to the Group of administering the schemes.</p>	<p>The assets and liabilities of the Group's defined benefit retirement schemes are regularly reviewed and advice is taken from independent actuaries on the IAS 19 valuation of the schemes.</p> <p>The Committee considered how the schemes were valued and the External Auditor's findings on the scheme's key assumptions relative to market practice.</p>	<p>Following this review, the Committee supported the judgements made.</p> <p>See <a href="#">note 23</a> for details of the calculation basis and key assumptions, resulting movements in obligations, and the sensitivity of key assumptions to the obligations.</p>
<b>Revenue recognition – customers unbilled supply of energy (estimation uncertainty)</b>		
<p>Revenue from the energy supply activities of the Business Energy and Airtricity businesses includes an estimate of the value of electricity or gas supplied to customers between the date of the last meter reading and the year end. See <a href="#">note 4</a> for details of the estimation.</p> <p>In the prior financial year, the Group's SSE Business Energy segment commenced the migration of customers to a new billing platform, which was completed in the current year. Reflecting the operating stabilisation of the billing platform, the level of unbilled sales and the level of judgement applied in determining the sales accrual has lessened compared to the position at March 2024. For the prior year end, the Group recognised a provision against this accrual to reflect that customer billing delays may result in a deterioration in collection performance. No comparable risk provision was recognised at 31 March 2025 and it is expected that the level of judgement applied will be reduced in future reporting periods as operational performance continues to improve.</p>	<p>This unbilled estimation is subject to an internal corroboration process which compares calculated unbilled volumes to a theoretical "perfect billing" benchmark measure of unbilled volumes (in GWh and millions of therms) derived from historical consumption patterns and aggregated metering data used in industry reconciliation processes. Unbilled revenue is compared to billings in the period between the balance sheet date and the finalisation of the financial statements which has provided evidence of post report date billings and hence support to the accrual recognised.</p> <p>Given the requirement of management to apply judgement, the estimated revenue accrual remains a significant estimate made by management in preparing the financial statements. A change in the assumptions underpinning the unbilled calculation would have an impact on the amount of revenue recognised in any given period.</p> <p>The Committee reviewed the process, issues and assumptions in determining the estimation uncertainty and also considered the findings of the External Auditor.</p>	<p>The Committee considered the Group's judgements in respect of the unbilled sales accrual based on analysis of the improved data from its new billing platform, billing performance in the year and other relevant information.</p> <p>The Committee supported the estimate for revenue recognition from energy supply activities. <a href="#">Note 18</a> details the sensitivity associated with this judgement.</p>
<b>Impact of climate change and transition to net zero (financial judgement and estimation uncertainty)</b>		
<p>Climate change and the transition to net zero have been considered in the preparation of these financial statements. The Group has a clearly articulated NZAP Plus plan to lead in the UK's transition to net zero and aligns its investment plans and business activities to that strategy. These plans are supported by the Group's Green Bond framework under which the Group's eighth green bond was issued by SSEN Transmission in August 2024 and ninth green bond was issued by SSE plc in March 2025 (see <a href="#">note 4</a>). The eighth green bond funded Transmission network projects, while the ninth green bond financed/refinanced Renewables wind farm projects.</p> <p>The impact of future climate change regulation could have a material impact on the currently reported amounts of the Group's assets and liabilities. In preparing these financial statements, the following climate change related risks have been considered:</p> <ul style="list-style-type: none"> <li>– Valuation and useful economic life of property, plant and equipment, and impairment assessment of goodwill;</li> <li>– Valuations of decommissioning provisions;</li> <li>– Defined benefits scheme assets; and</li> <li>– Going Concern and viability statements.</li> </ul>	<p>The Committee reviewed:</p> <ul style="list-style-type: none"> <li>– The disclosures regarding the implications of climate change, the NZAP Plus, and related significant accounting judgements.</li> <li>– The approach taken by the Group-level SFRD, which is responsible to steer and govern sustainability-related disclosures.</li> <li>– The Group's climate-related financial disclosures statement, which demonstrates the Group's compliance with UK Listing Rule requirements mandating climate-related financial disclosures under the Companies Act 2006.</li> <li>– Information from EY on the associated audit requirements.</li> </ul>	<p>After a presentation on the proposed disclosures and the External Auditor's report on SSE's approach, the Committee approved the basis of reporting and related financial judgement disclosures included in the Financial Statements for the year ended 31 March 2025.</p> <p>See <a href="#">note 15.1</a> for details of the sensitivity associated with this judgement.</p>

## Significant financial judgements and estimates for the year ended 31 March 2025

Matters considered	How these were addressed by the Committee	Committee conclusions
<b>Valuation of other receivables (financial judgement and estimation uncertainty)</b>		
<p>The Group holds a £100m loan note due from OVO Holdings Limited following the disposal of SSE Energy Services on 15 January 2020. The loan is repayable in full by 31 December 2029, carries interest at 13.25% and is presented cumulative of accrued interest payments, discounted at 13.25%. At 31 March 2025, the carrying value (net of expected credit loss provision of £1.8m (2024: £1.6m)) is £193.5m (2024: £170.1m) (see <a href="#">note 4</a>).</p> <p>The Group has assessed recoverability of the loan note receivable and has recognised a provision for expected credit loss in accordance with the requirements of IFRS 9.</p>	<p>The Committee considered the steps taken by management to assess all available information in respect of the recoverability of the loan note. Procedures included reviewing recent financial information of Energy Transition Holdings Limited ("ETHL") (the ultimate parent of Ovo Group Limited and its subsidiaries, including Ovo Holdings Limited), including the 31 December 2023 statutory financial statements; and discussions with ETHL management.</p>	<p>Following management's assessment of the recoverability of the loan note, the Committee considered the judgement to be appropriate.</p> <p>While the carrying value is considered to be appropriate, changes in economic conditions could lead to a change in the expected credit loss incurred by the Group in future periods.</p>

### External audit

EY has been SSE's External Auditor since 2019 and was re-appointed by shareholders at the 2024 AGM for the financial year 2024/25. After being lead Audit Partner for five years, Annie Graham was replaced by Will Binns for the financial year ending 31 March 2025.

During the year, the Committee received a comprehensive audit plan from EY explaining the audit timetable and proposed scope, key audit matters (see the independent auditor's report on [pages 272 to 282](#)), and an assessment of key areas of risk. The audit plan and key risk assessment were reviewed and challenged by the Committee to make sure underlying judgements were robust.

The Committee's actions related to external audit during the year included:

- Receiving updates from the External Auditor on the 2024/25 audit plan and related actions.
- Considering EY's performance, independence and objectivity.
- Monitoring non-audit services provided by EY.
- Reviewing the Group's Non-Audit Services Policy and approving EY's non-audit services and related fees.
- Reviewing the disclosure of information to the External Auditor and approving those arrangements.

### Independence and objectivity

The Committee monitors the independence and objectivity of the External Auditor. It reviews:

- Assurances from EY on the safeguards in place to maintain independence.
- The Non-Audit Services Policy and fees paid.
- SSE's policy on employing former auditors.

EY confirmed that all partners and staff complied with their ethics and independence policies and procedures, and that no employees working on the audit held shares in SSE plc.

### External audit fees

The external audit fee proposal for the year ending 31 March 2025 was reviewed by the Committee in September 2024. The Committee discussed the reasons for the increased fee with EY. The composition of the Group and the level of complexity requiring an increased proportion of specialist resources were among the factors for the increase. The total External Audit Fee for financial year 2025 was £6.3m (2024: £6.0m), which included:

- Scope changes of £0.8m (2024: £0.9m) related to the previous year's audit.
- Assurance and other service fees £0.3m (2024: £0.3m), includes fees incurred in relation to regulatory accounts and returns required by Ofgem, comfort letters in connection with funding and debt issuance and ESG assurance.
- Non-audit services of £0.3m (2024: £0.2m).

For details of fees paid to the External Auditor, see [note 6](#) to the Financial Statements.

### Sustainability Auditor

During the year, the External Auditor was appointed as Sustainability Auditor for SSE's sustainability metrics from 2024/25 to 2028/29. This will increase efficiencies and alignment between financial and non-financial information. Following a process, the Committee recommended to the Board that it believed EY would provide an independent, efficient and integrated sustainability assurance process alongside the financial audit. The Committee was also satisfied that this service did not affect EY's independence.

### Non-Audit Services Policy

The Non-Audit Services Policy governs the process by which the External Auditor can provide non-audit services to SSE. The policy was reviewed by the Committee in 2025, in line with the International Ethics Standards Board for Accountants, and will be reviewed again in 2027.

SSE imposes a 70% cap on non-audit fees paid to the External Auditor, based on average audit fees paid over the previous three consecutive financial years. The Committee receives reports at each meeting listing all approved non-audit services to monitor compliance with the policy and this cap on fees. The ratio of non-audit fees to audit fees is approximately 0.05:1.

The Committee was satisfied that the non-audit services provided by the External Auditor did not affect their independence and approved these services in line with the policy and FRC Ethical Standard.

### Reappointing the External Auditor

Reflecting on EY's performance, the effectiveness of their audit and their relationship with SSE, the Committee believes it is in the best interests of SSE and its shareholders to continue with EY. The Committee advised the Board to seek shareholder approval to reappoint EY as External Auditor for the financial year ending 31 March 2026.

In line with best practice, SSE will begin a tender process for the external audit contract no later than 2029. The Committee confirms ongoing compliance with the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

## Ensuring external audit effectiveness

The Committee oversees the Group's relationship with EY to ensure the independence, quality, rigour and challenge of the external audit process. The Committee's review involves the following key activities.

### Key Contributions

#### Audit Committee

- Monitored performance throughout the year.
- Assessed the audit strategy and independent auditors' report.
- Considered the results of a survey of Audit Committee members, regular attendees and Group Finance.
- Considered the quality of the External Auditor's reporting on key accounting and audit judgements and the skill with which EY applied robust challenge and professional scepticism when dealing with management.
- Met with EY twice during the year without senior management team.
- Meetings held with audit engagement partner and Committee Chair.

#### External Auditor

- Confirmed its policies and procedures for maintaining independence.
- Provided confirmation that it operates in accordance with the ethical standards required of audit firms.

#### Management

- Assessed the feedback from a management survey of people subject to the external audit process.
- Received assurance on the process for providing information to the External Auditor.

#### Regulator

- The UK Financial Reporting Council's (FRC) report on Audit Quality Inspections included a review of audits carried out by EY.

### Key Outputs

#### Results

- The audit partners and team were confirmed to be of high quality, with no significant issues in the feedback.
- The audit was well planned and executed, addressing key findings and ensuring proper engagement on misstatements and materiality judgements.
- EY showed a strong commitment to audit quality, understanding the Group and its internal controls, and focusing on major financial risks.
- The review of management papers, analyses, and discussions with management and the auditor confirmed an appropriate level of challenge during the audit.

### Conclusion

The Committee concluded that EY:

- Delivered an effective external audit in line with the audit plan.
- Showed a depth of knowledge in relation to complex issues and gave constructive, independent and objective challenge to management.

Debrief sessions were held between EY and Finance management teams across SSE to consider how to enhance the audit process and environment.

## Internal Audit

Internal Audit gives independent and objective assurance to management, the Committee and Board on the effectiveness of SSE's risk management activities, internal controls and corporate governance. The purpose, scope and authority of Internal Audit is defined in its charter, which is approved each year by this Committee.

### Internal Audit Plan

Approved by the Committee, the Internal Audit Plan aligns with SSE's operating model, risk profile, control environment and assurance arrangements. Split between a one-year plan and a three-year strategy, the plan sets out the broader areas of Internal Audit's priorities. Where specific skills and expertise are needed, external providers are sometimes brought in to support the delivery of the plan.

During the year, the Committee reviewed, challenged and monitored the implementation of the 2024/25 Internal Audit Plan through regular updates. The Committee discussed findings and audit actions, and challenged management

to ensure remedial actions were delivered. The Committee was satisfied with progress against the Internal Audit Plan in 2024/25.

### Ensuring effectiveness

This Committee also assessed the effectiveness of the Internal Audit function during the year. The evaluation was based on the results of a survey sent to key stakeholders across SSE, including the Committee itself, Group executives and directors of functions. The External Auditor also gave informal and supportive feedback. The Committee was pleased with the positive feedback from the Board, concluding that Internal Audit provided effective assurance over SSE's risks and controls.

In line with Institute of Internal Auditors' guidance to complete an external assessment every five years and SSE's policy to do one every three to four years, the next independent external assessment will take place in 2027. The previous external quality assessment completed by PwC in 2023 judged the Internal Audit function to be effective.

## Internal control and risk management

The Committee oversees and reviews the effectiveness of SSE's system of internal control on behalf of the Board. This covers all material controls including financial, reporting, operational and compliance. Examples of the areas considered are:

- **Financial reporting controls.** SSE's internal financial control environment is designed to protect its assets, prevent and identify significant fraud and errors, and ensure the accuracy and completeness of accounting records used to produce financial information. This year, the Committee continued to monitor the new Financial Controls Centre of Excellence to ensure focused oversight and continuous improvement in controls management. This is a key initiative to prepare for the regulatory reform in the UK that will apply to SSE's financial year ending 31 March 2027. The Committee was pleased with the progress in this area and will oversee the ongoing maturity of the financial control framework. This will remain a key focus for the Committee in years ahead, with regular updates provided at meetings.

- **Cyber security.** Managing SSE's cyber security risks and ensuring proper mitigation is a key focus. The Committee received updates on threats, risks, and proactive improvement plans. The Committee reviewed the outcomes of the updated 2024 cyber maturity assessment framework, noting improvements across Business Units and Central IT to ensure regulatory compliance with the Network & Information Systems Regulations by 2027. The Committee commended the Cyber team for developing a strong culture and a cyber control framework that identifies threats, reduces exposures and drives improvement initiatives.
- **Compliance.** The Committee reviewed and approved the proposed compliance audits for 2025/26. These audits are designed to ensure adherence to the key legislative and regulatory obligations and address risks within the Business Units and across SSE Group. The Committee received bi-annual compliance updates and was satisfied the areas identified were appropriately aligned to the key compliance risks of the business.

- **Anti-Financial Crime.** The Committee received bi-annual anti-financial crime reports from the Group Financial Crime Officer, which included activities across the Group and information on changes to rules and legislation, such as the implementation of the Economic Crime and Corporate Transparency Act 2023. The Committee was satisfied that effective controls were in place to mitigate financial crime risks based on assessments and monitoring activities.

For details on SSE's risk management, see [pages 60 to 69](#) ➤.

The Energy Markets Risk Committee oversees internal control and risk management in relation to SSE's energy market related exposures – see [pages 120 to 121](#) ➤ for more.

#### Internal control and risk management effectiveness

The Committee was satisfied that SSE's internal controls operated effectively throughout the year. This conclusion was also informed by an evaluation conducted by stakeholders within each framework of SSE's System of Internal Control (see below).

The Chief Financial Officer assessed these evaluations and submitted a letter to the Committee which summarised the work completed during the year to improve the control environment and recommended the overall effectiveness of the system.

The Committee also considered the letter of assurance evaluations completed each year by the Managing Directors of SSE's Business Units and the Directors of corporate functions. The process considered each framework of the System of Internal Control from a Business Unit and corporate function perspective and included planned improvements. These improvements are tracked, and the Group Risk Committee is regularly updated.

Based on the Committee's review and recommendation, the Board agreed that SSE's System of Internal Control continued to be effective and was in line with the requirements of the FRC Guidance on Risk Management, Internal Control and related Financial and Business Reporting. The Board also confirmed that no significant failings or weaknesses were identified during the financial year and that processes are in place to make sure necessary action is taken, and progress is monitored where areas for improvement are identified.

## System of Internal Control

### GOVERNANCE FRAMEWORK

Ensures focus on the key components of effective decision making: clarity, accountability, transparency and efficiency. For details, see [page 92](#) ➤ of the Governance Report.

Board and Board Committees

Group Executive Committee and Executive sub-Committees

Business Unit Executive Committees and Corporate Support Functions

### STRATEGIC FRAMEWORK

Includes SSE's purpose, strategy, goals, values and business model and is the basis for all activity under the Risk Management Framework. For details, see [pages 1 to 7](#) ➤ of the Strategic Report.

Strategic objectives  
Financial objectives  
Sustainability goals

### RISK MANAGEMENT FRAMEWORK

Supports each Business Unit in managing risks and helps to ensure that the Board meets its obligations. This framework is underpinned by the fundamental principle that everyone at SSE is responsible for managing risk. See [pages 60 to 69](#) ➤ for details.

Group Risk Policy

Principal Risk Self-Assessment  
Risk Appetite Statement  
Viability Assessment  
Key Risk Indicators

Business Unit Principal Risk Self-Assessment  
Assurance Evaluation  
Risk Blueprint

### ASSURANCE FRAMEWORK

An integrated programme of audit and assurance activity that's independent of the day-to-day operations of the Business Units and corporate functions. It's made up of Internal Audit, Group Compliance, Large Capital Projects Services and Group Safety, Health and Environment.

External Audit  
Internal Audit

Group Compliance  
Group Safety, Health and Environment  
Large Capital Projects Services

Business Assurance

### STANDARDS AND QUALITY FRAMEWORK

Sets out the expected standards and guidelines to be followed when delivering the Group's core purpose.

Group policies

Governance manuals

Business Unit, policies, procedures, processes and systems



# Energy Markets Risk Committee Report



Our work as a Committee is important in maintaining SSE's strong risk management of energy markets and overseeing the governance arrangements around managing portfolio exposures."

**Tony Cocker**  
Committee Chair



## The role of this unique Committee

The Committee maintains a dedicated focus on SSE's exposures to market volatility, regulatory complexities and operational and financial risks relating to energy markets. This enables the Board to effectively fulfil its responsibilities for risk management and internal controls in relation to energy markets.

For more details on the role and responsibilities of the Committee, see its Terms of Reference at [sse.com](https://www.sse.com).

This report sets out our Committee's key activities during 2024/25 and shows how we've continued to monitor SSE's energy market risk exposures.

Our work as a Committee is important in maintaining SSE's strong risk management of energy markets and overseeing the governance arrangements around managing portfolio exposures. This is particularly critical against a backdrop of varied market volatility, fluctuating demand, supply concerns, and geopolitical uncertainty driving price movements.

Through regular monitoring, we help the Board ensure that controls align with SSE's risk appetite and that SSE's approach to risk management remains resilient and responsive in a fast-changing environment.

## SSE's hedging approach

We believe that SSE continues to be well supported by its hedging approach. This aims to reduce exposure to commodity price variation related to electricity generation and supply well before delivery, while retaining sufficient flexibility to respond to any wider market changes.

This year, we reviewed analysis of the hedge approach to determine whether this remained optimal. To maximise value in current market conditions, we recommended

that the Board approve the acceleration of SSE Renewables' hedge position. During certain periods of unfavourable market conditions for thermal generation, we closely monitored the reduction in hedging activity for SSE Thermal, allowing forward prices to be locked in when opportunities presented themselves.

In addition, we considered the approach to hedging energy output in Ireland. In anticipation of the expiration of the Renewables Energy Feed-In-Tariff scheme – which would create exposure to fluctuating energy prices – the Committee recommended to the Board the implementation of a phased hedge approach in Ireland as those schemes expire.

The updates are reflected in the latest hedging approach statement – see [pages 23 to 24](#).

## Risk controls and metrics

Our Committee continued to oversee the performance of SSE Energy Markets: our primary decision maker for all trading periods. This business provides the route to market and manages the execution for all of SSE's commodity trading. Throughout the year, it reported to us on market conditions, liquidity and net Group exposures. It also updated us on its strategy, including expanding its trading capability in new markets, to support SSE's long-term growth ambitions and to manage liquidity exposures in the UK.

To allow this business to take advantage of optimisation opportunities, there is some scope for position-taking. To ensure that this is carried out within acceptable risk levels, we oversaw the strict position limits and risk controls in this respect.

To make sure risks around trading, credit and collateral activities continue to be managed effectively, we also reviewed the related control environment and metrics to make sure appropriate measures are in place. We recommended that the Board approve changes to reflect current market conditions and to ensure operational effectiveness.

## Year ahead

Over the next year, we will continue to:

- Oversee energy market risk exposures, including ones linked to expanding into new markets.
- Oversee SSE Energy Market's role as the primary decision maker, including how it supports the optimisation of SSE's asset portfolios and its management of volatility through risk managed trading.
- Monitor macroeconomic developments, focusing on risks stemming from geopolitical events, commodity price fluctuations and volatility, inflationary pressures, and changes in regulatory requirements.

I'd like to thank the members of the Committee for their dedication throughout the year and their significant contributions in supporting our work.

**Tony Cocker**  
Chair of the EMRC

20 May 2025

## Governance

### Membership and attendance

The Committee comprises five non-Executive Directors and two Executive Directors. SSE's Chief Executive and the Managing Director of SSE Energy Markets also routinely attend Committee meetings. See [pages 87 to 90](#) for member biographies. The Committee met four times in 2024/25, with attendance set out on [page 93](#).

### Committee performance review

The yearly review of Committee performance was facilitated by Heidrick & Struggles (see [pages 105 to 106](#)) and the outcome considered by the Committee.

#### Review confirmed

- The Committee operates well and **provides valuable support** to the Board.
- The Committee plays **a key role in ensuring robust controls** are in place.
- The Committee benefits from the leadership of an **experienced and knowledgeable Chair**.

#### Actions for 2025/26

- **Support with the succession plan for the Chair** to ensure continuity and maintain the effectiveness of the Committee.
- **Deep dives or briefings on critical areas** to be provided to the Committee.
- **Continue to improve Committee papers** to focus on key points and provide clear summaries to enhance understanding.

### Areas of focus for 2024/25

The following is an overview of the work and considerations of the Committee during the year, aligned to its key areas of responsibility.

#### Overseeing SSE's hedging approach

SSE's hedging approach generally seeks to reduce its broad exposure to commodity price variation at least 12 months in advance of delivery. SSE continues to monitor market developments and conditions and alters this approach in response to changes in its exposure profile.

During the year, the Committee:

- Reviewed, at each meeting, reports on the latest hedge position, including performance against SSE's hedging approach.
- Evaluated the impact of market developments, conditions, and exposures to assess whether the current hedge approach is effective and delivering optimal value.

It was concluded that the current approach remained appropriate to manage SSE's exposure to commodity price variation. The Committee endorsed the hedging disclosure included in SSE's interim and preliminary results statements and recommended this to the Board.

Further details of SSE's hedging approach and position are set out on [pages 23 to 24](#).

#### Energy market risks

The Committee received regular updates on emerging issues and associated risks across domestic and international energy markets. This included scenario analysis and risk outlooks designed to enhance the Committee's understanding of volatility, geopolitical developments, and regulatory shifts that could affect market dynamics. During a year of varied market conditions, it considered and assessed the potential impact of:

- The future market outlook in the UK and Republic of Ireland.
- Market conditions in the all-island power market (ISEM).
- Regulatory changes including the potential impact of the Review of Electricity Market Arrangements (REMA).
- The impact of geopolitical events.

The Committee was satisfied that associated risks were being effectively addressed and managed. It will continue to assess the impact and mitigation of risks stemming from future macroeconomic developments.

#### Internal controls and risk management

The Committee evaluated internal controls for managing, monitoring and reporting energy market risks by reviewing:

- Controls relating to trading, credit and collateral activities and related exposures.
- Thresholds set for value-at-risk and stop-loss limits.
- Quarterly Internal Audit reports relating to SSE Energy Markets including the status of any audit actions. This provides the Committee with valuable assurance regarding the effectiveness of energy market risk controls.
- Output from the Group Energy Markets Exposure Risk Committee, an executive-level forum which meets monthly and allows SSE's senior management to review and consider energy market risks and exposures.

This allowed the Committee to assess whether energy market risks and exposures are being effectively and appropriately managed in current market conditions.

The Committee concluded that these risks continue to be managed effectively.

### Empowering confidence in future growth

During the year, the Committee undertook a review of SSE Energy Markets' strategy and trading capability. The Committee concluded that SSE is well positioned to monitor and manage its exposures through the continued work of this business. This confidence is further underpinned by a diversified portfolio mix, which allows risk to be mitigated through internal trading and contracts spanning SSE's portfolio of asset and customer businesses.

In support of SSE's long-term growth ambitions, and to manage exposures in the UK, the Committee endorsed a proposal to further increase SSE Energy Market's ability to trade in carefully selected European and international power and gas markets.

As part of this initiative, the Committee also evaluated the related control environment to ensure that robust safeguards are in place for managing associated exposures.

Details of how SSE Energy Markets supports SSE's strategy and its performance during the year are set out on [page 39](#).

# Safety, Sustainability, Health and Environment Advisory Committee Report



By monitoring the implementation of SSE's SHE strategy, as well as its sustainability policies and performance, we support the delivery of SSE's key priorities: to keep our people safe and deliver social and environmental value."

**Helen Mahy CBE**  
Committee Chair



## The role of this unique Committee

The Safety, Sustainability, Health and Environment Advisory Committee (SSHEAC) brings a dedicated focus to safety, sustainability, health and environmental matters through:

- Reviewing and monitoring KPIs and other reporting measures in the Group.
- Assessing the effectiveness of related strategy, initiatives, training and targets.
- Overseeing the development and implementation of related Group policies.
- Monitoring the resources, competence and commitment for managing these issues to ensure continuous improvement and a healthy culture.

The Committee's Terms of Reference are available on [sse.com](https://www.sse.com)

This report outlines the Committee's activities over 2024/25 and shows how we've worked with senior management to shape policies, targets and strategy to improve safety, sustainability, health and environmental performance.

Here are some highlights from the Committee's year.

### Safety

We worked with senior management to enhance safety performance across the Group. The majority of the Committee members have attended SSE's immersive safety training programme. We valued this unique experience and strongly support this investment in culture and safety behaviours.

We also oversaw the work to update SSE's safety, health and environment (SHE) specifications for contract partners.

Dame Angela Strank and I joined SSE's second Group SHE Contract Partner conference, where the revised SHE specifications were announced to 180 contract partners. The conference also highlighted several ongoing safety initiatives and provided an opportunity for awards to be given to people who have gone above and beyond when it comes to safety, taking care of ourselves, each other and the environment. We were pleased with the engagement this produced and see this event as an invaluable opportunity to foster positive safety behaviours with our valued partners.

Our Committee went on various site visits during the year to experience SSE's safety culture. This engagement helps us offer informed input on safety, health and wellbeing, and environment strategies.

### Sustainability and ESG performance

To ensure that SSE meets its objective to create value for both shareholders and society, our Committee discussed emerging sustainability strategies and plans during 2024/25. These included the Transmission sustainability strategy which is informed by a detailed impact assessment and stakeholder engagement. We support the Transmission ambition to leave a positive community legacy through housing development in local communities and its Community Benefit Fund, launched in 2024.

We reviewed SSE's performance against key ESG ratings and considered recommended actions going forward. We also approved the publication of the Sustainability Report 2025, which discloses information on the most material economic, social and environmental impacts of SSE's business activities.

### Environment

In support of SSE's Net Zero Transition Plan and the Company's environmental activities, we discussed SSE's climate adaptation and resilience plans. We welcomed the establishment of a Climate Adaptation working group reporting into the Group Safety, Health and Environment Committee.

This will improve how the Group oversees climate adaptation. We also reviewed and gave feedback on SSE's readiness for the Taskforce on Nature-related Financial Disclosures (TNFD) reporting requirements.

### Health and wellbeing

Our Committee valued contributions from Mental Health First Aiders and Wellbeing Champions, as well as stress support initiatives addressing challenges faced by colleagues. We also welcomed the Press Pause Stress programme and a campaign for National Stress Awareness Month. In January 2025, SSE received the Investors in People: We invest in Wellbeing Platinum Accreditation. This reflects the Company's commitment to supporting colleagues' social, physical and psychological wellbeing.

### A new Chair

This will be my final report as Committee Chair, as I will be stepping down after the AGM. Dame Angela Strank will take over as Chair, and I'm confident the Committee will be in excellent hands under her leadership.

On behalf of the Committee, I'd like to thank all employees and partners for their hard work and commitment. I hope this report gives a clear and useful overview of how our Committee has supported and overseen the matters within our remit.

**Helen Mahy CBE**  
Chair of the SSHEAC

20 May 2025

## Governance

### Membership and attendance

This Committee comprises four non-Executive Directors, the Chair of the Board, the Chief Commercial Officer, the Chief Sustainability Officer, the MD of SSEN Distribution, and the SHE Director. The Chief Executive also attends meetings. With Enterprise integrating into other Business Units, Nathan Sanders, the MD of Distributed Energy, stepped down from the Committee after the November 2024 meeting. Dame Angela Strank will become Chair after Helen Mahy retires, and Hixonia Nyasulu will join the SSHEAC after the July 2025 AGM. The Committee met four times in 2024/25 with attendance set out on [page 93](#).

### Committee performance review

The annual review of Committee performance was facilitated by Heidrick & Struggles (see [pages 105 to 106](#)) and the results considered by the Committee. This confirmed the Committee's continued effective operation and actions for 2025/26.

#### Review confirmed

- The Committee has **significantly evolved**, showing strong governance, productive debate and papers that support effective decision making.
- There is an **effective flow of information** from the SSHEAC to the Board, enabling seamless communication and alignment on key priorities.
- A diverse group of employees, including junior employees, presents to the Committee to bring **a range of perspectives**.

#### Actions for 2025/26

- **Succession planning** – a comprehensive succession plan for the SSHEAC Chair to maintain the continuity and effectiveness of the Committee's leadership.
- **Adaptability** – continuously adapting to changing stakeholder expectations in sustainability and SHE, while being mindful of the Committee's scope and role in relation to other Committees.
- **Meeting papers and data** – a continued focus on improving Committee papers and the balance of data, with an emphasis on key insights and concise summaries.

## Safety

The SSHEAC gave feedback to management on the SHE plan for 2025/26, which supports the delivery of the overarching 'We all get Home Safe' SHE strategy. There was strong support for building on the existing approach while emphasising that the fundamentals shaping SSE's SHE strategy are unchanged. The SSHEAC also evaluated the Home Safe communication strategy that covered SHE communication, campaigns, and training and engagement for employees and contract partners.

To enhance the Group's safety culture by recognising good behaviours at Committee level, the Committee requested examples of when a colleague's action led to a positive outcome. A report called Positive Actions is now shared in each meeting. This showcases the behaviours of SSE's employees and contractors that promote a safe working environment and celebrates people's contributions to safety, the environment or the community. Stories from the report are shared across the Group to expand learning and encourage implementation.

### Safety – monitoring performance

In every meeting, the SSHEAC reviews reports on SSE's safety, health and wellbeing, environmental and sustainability performance. 2024/25 reports covered performance against agreed targets and KPIs, including Total Recordable Incident Rates (TRIRs). They also reviewed incident trends, high potential incidents, significant risks and their mitigations, process and asset safety as well as other key matters emerging from operations and projects across the Group. The SSHEAC also endorsed SHE metrics for 2025/26.

For details on SHE metrics for 2024/25 see [pages 53 to 54](#).

### Immersive safety training

The Committee received regular updates on attendance, feedback and monthly activities for the programme. It was agreed by the Committee that its success would not be measured by output alone, but also by long-term behavioural change and recognition of what it feels like when something goes wrong. Different scenarios for immersive experiences, such as the impact of power outages, are now being discussed between the SSE SHE team and training organiser. The addition of immersive safety training for contract partners is another important step forward.

### Supporting contract partner safety

To enhance collaboration with contract partners, the SSHEAC reviewed the three focus areas of SSE's contract partner strategy: collaborate, support and check. This review looked at a comprehensive plan of actions for each focus area which ensures alignment with procurement, contractors and joint venture partners.

During the year, SHE specifications for contract partners were reviewed, updated and implemented, with the Committee overseeing these activities. These specifications standardise how SSE works with its partners and support positive collaboration. The updated content was developed through extensive internal consultation with Business Units and benchmarked externally. The SSHEAC emphasised the need to be bold enough to drive improvements while recognising the balance of contract partners'

responsibilities. The members highlighted the differences in standards and cultures, as SSE operates internationally. New SHE specifications were announced at the Group SHE Contract Partner conference in November and the Committee is monitoring their implementation.

### Fatigue management

The SSHEAC monitored the effectiveness of fatigue management processes in Distribution, along with associated working hours controls. A collaboration with the University of Hull provided valuable insights for improving the risk assessment process and interventions. The Committee also noted updates on engagement with trade unions and how learnings from this can be applied. In their discussion, the SSHEAC considered fatigue risk in adverse weather conditions, acknowledging the challenge of balancing the increased risk profile during storms with the necessity for the business to maintain constant availability due to potential customer impact.

### Public safety

To better understand the nature of the public safety risks, the SSHEAC received an overview of the public safety strategy for Distribution. It was particularly interested in industry alignment, stakeholder engagement, and the legal and company frameworks supporting the management of associated risks. Industry-wide engagement films that show impactful content were highly regarded. The Committee discussed how national cooperation and technologies such as cable detection and avoidance tools could improve public safety. The Committee gave feedback to the Distribution team on how



SSE can further support these initiatives. These are being reflected in the national cooperation work.

### Assurance and audit

The SSHEAC regularly reviewed progress against assurance and audit plans along with the SHE management system. The SSHEAC also reviewed and endorsed the 2025/26 assurance and audit programme. The programme discussion focused on environmental standards and audits.

### Risks and legislation

The SSHEAC reviewed the SHE risk matrices and the changes to the risk profile over the past year. They considered the outputs of these risk matrices alongside the annual SHE risks review and legislation update.

For a comprehensive analysis of SSE's performance in safety, health and wellbeing, environment and sustainability, please see [pages 42 to 59](#) of this report and the Sustainability Report 2025.

### Environment

The SSHEAC reviewed SSE's environment strategy for 2025/26 and each Business Unit's environmental plan. The Committee discussed SSE's waste management activities, with a focus on recycling and diversion from landfill and related Group targets for 2025/26. Recycling and diversion targets are set annually.

To support SSE's environmental strategy and ensure accountability, the SSHEAC has endorsed targets and KPIs for 2025/26.

### Environment – monitoring performance

The SSHEAC monitored SSE's environmental incidents and permit breaches across the Group. It looked at how comprehensive waste management and recycling programmes, including metal recycling, were implemented to enhance sustainability efforts. Waste management reports provided the SSHEAC with detailed information on waste types, disposal categories, diversion rates and recycling efforts, highlighting SSE's commitment to environmental responsibility. In alignment with SSE's biodiversity objectives, the Committee reviewed biodiversity data for projects across various Business Units, fostering a culture of ecological stewardship.

### Climate adaptation and resilience

The Committee received an annual climate adaptation and resilience update, that incorporated adaptation to physical climate risks and related planning and reporting.

The Committee endorsed recommendations including an asset managers' forum to agree common climate risks, the establishment of the Climate Adaptation Working Group, and the alignment of climate risks across SSE's risk registers.

### Nature-related disclosures

The Committee discussed SSE's readiness to report against the TNFD disclosures at a Group level, the current level of maturity of the Group-wide view of nature-related disclosures, and next steps to enhance nature-related disclosures at the appropriate time.

For more on SSE's approach to nature, see [pages 58 to 59](#) of this report and the Sustainability Report 2025.

### Health and wellbeing

The SSHEAC continues to focus on making sure effective support and meaningful initiatives are in place to address the challenges faced by colleagues across SSE. The Committee acknowledged good progress in advancing the health and wellbeing strategy in 2024/25. In particular, it praised the comprehensive health offering available to employees through a single Health Hub website and the initiative to promote its use by adding access QR codes to hard hats.

As part of the health and wellbeing performance report, the SSHEAC reviewed the uptake for various SSE employee assistance programmes including an online GP service, mental health first aid, occupational health programmes, physiotherapy and PureGym discounts. The popularity of these services shows that employees are both aware of and comfortable using them, and that the promotional campaigns have been effective.

The SSHEAC regularly reviews reports on sickness and absence during the year. These included comprehensive trend analyses, giving valuable insights into the overall health and wellbeing of employees and the types of support that can be provided. The Committee was satisfied that SSE offers a comprehensive range of support services that are well used by colleagues when needed.

The Committee also supported enhanced direct support for colleagues through external partners such as British Heart Foundation, Nuffield and WeCare. They discussed upcoming plans and initiatives, and the increased digitalisation of offerings, including a mental health wellbeing app called Thrive. The Committee also asked for welfare provisions to be specified in the updated contract partners' SHE specifications.

### Sustainability and ESG

#### ESG ratings

One of the ways in which SSE's sustainability performance is assessed is through investor ESG ratings, which are of strategic importance to SSE and its stakeholders. The SSHEAC reviewed the final ESG rating performance score card for 2024, discussed an update on progress against the recommendations arising from last year's ESG ratings review and endorsed the ESG review recommendations and priorities for each action identified.

#### Sustainability Report

During the reporting year, the Committee reviewed the approach and content plan for the Sustainability Report 2025 in the context of increasing complexity of sustainability disclosures in corporate reporting. The SSHEAC acknowledged the importance of the Sustainability Report and its enhanced disclosures as a crucial communication tool with investors and other stakeholders. The SSHEAC continues to approve the report before it's published.

## Site visits

Members of the SSHEAC continued with their programme of site visits to support and engage with colleagues in various operating environments. Each site gave detailed safety briefings. The feedback from visits was encouraging, with teams working hard to positively impact SSE's culture, the environment and local communities. Potential challenges included recruitment in remote sites and skills shortages in certain areas.

### Summary of observations

- **Kinardochy Substation.** Employees seemed to be encouraged to voice safety concerns in a psychologically safe environment. Safety, health and wellbeing signs were displayed across the site, promoting proactive safety awareness.
- **Isle of Wight – Ryde depot.** The visit showed continued improvement in delivery and culture, with a strong focus on the team and customers. Communication within the team indicated a positive working environment, and recent safety alerts were prominently displayed in the depot.
- **Aberdeen – tree cutting site and office.** It was clear that the team here are deeply committed to customer care, whether engaging with landowners, responding to queries, supporting vulnerable customers, or restoring supplies. They were highly engaged and empowered to make local improvements, such as the new digital Storm Room, to enhance performance. The Room uses technology to improve the management of faults during storms by giving the team real-time access to all the systems data needed for effective decision making.
- **Dogger Bank C HVDC Station.** This was a busy yet well-organised construction site with tight traffic management and security. The strong safety ethos was evident, with barriered walkways keeping people separated from traffic.
- **Bindoo Wind Farm.** The team here were proud to discuss recent innovations. They seemed to trust their colleagues when needing support and had the autonomy to explore new areas of working.
- **Glasthule Buildings County Dublin.** Residents in Glasthule had access to a direct issues phonenumber, contributing to a transparent and safe working environment. A fire drill demonstrated effective processes.
- **Medway Power Station.** It was good to see the team's efforts to explore options for decarbonising energy generation at Medway to make sure the site could continue to provide essential flexible power in a net-zero world.
- **Keadby 1 and Keadby 2 Power Stations.** These sites had a strong continuous improvement ethos in process safety, operations, outages and culture. Keadby 2 was currently on outage, while Keadby 1 had recently returned. It was interesting to discuss outage processes, control room handovers, commissioning, and issue management.
- **Lerwick Power Station.** The safety culture on site was very positive among SSE employees and contract partners, creating a real community feel.
- **Gremista Project.** The Transmission team was managing several high-standard improvement projects. The good organisation of the site was clear from its security, signage, and well-prepared parking zone complete with EV charging points. There was a clear sense of teamwork among the project team.



▲ Helen Mahy spent time with colleagues on Shetland to hear about safety processes on major projects there

# Remuneration Committee Report



We believe our proposed policy continues to be clearly aligned with SSE's strategy and sustainability focus. It will enable future succession and support our growth plans."

**Melanie Smith CBE**  
Committee Chair



## Role of the Committee

The Remuneration Committee determines and agrees SSE's broad policy for executive remuneration, ensuring that it is appropriate, enhances personal performance and rewards individual contributions towards the long-term sustainable success of SSE.

For more details on the role and responsibilities of the Committee, see its Terms of Reference at [sse.com](https://www.sse.com).

This Directors' Remuneration Report aims to set out clearly and simply the details of Directors' remuneration at SSE and the rationale behind our approach. It covers:

- The link between remuneration and strategy
- The Directors' Remuneration Policy review
- Board changes taking place in 2025/26
- Delivery and performance during 2024/25
  - Annual Incentive Plan outcome
  - Performance Share Plan outcome
  - Base salary increases from April 2025

The proposed updated 2025 Directors' Remuneration Policy is set out in full on [pages 131 to 138](#), and will be submitted to shareholders for approval at the 2025 AGM. The Annual Report on Remuneration follows on [pages 140 to 153](#), and contains details of our remuneration arrangements and various legislative, regulatory and best practice disclosures.

## Link to strategy

Our approach to pay is designed to support the execution of our purpose: to provide energy needed today while building a better world of energy for tomorrow. The performance measures and targets for the Annual Incentive Plan (AIP) and the longer-term Performance Share Plan (PSP) are directly linked to SSE's strategy to create value for shareholders and society in a sustainable way.

Sustainability is at the heart of this strategy, reinforced through both the five-year Net Zero Acceleration Programme (NZAP) Plus investment plan to 2027 and the 2030 Goals aligned with four UN Sustainable Development Goals (shown on [page 6](#)).

The vesting of PSP awards links directly to performance against both the NZAP Plus and the 2030 Goals. The PSP awards have dedicated strategy and sustainability measures, which represent a combined 30% of the award. And 10% of the AIP award is linked to our performance in publicly available sustainability indices. A further 30% of this AIP award relates to operational performance aligned with key NZAP Plus deliverables.

Alongside sustainability and operational excellence, our incentives focus on financial performance and value creation, aligning performance with shareholders' interests. These measures will be increasingly important as SSE moves into its next phase of growth. See [page 14](#) for details of where KPIs link directly to remuneration.

## Policy review

Our current Directors' Remuneration Policy was approved by shareholders at the 2022 AGM with over 91% of the votes cast in favour of the resolution. Policy changes made in 2022 were mostly focused on alignment with the newly launched NZAP, later upgraded to NZAP Plus. This policy expires at the conclusion of our 2025 AGM. Therefore, an updated policy will be proposed for consideration at the 2025 AGM.

In developing proposals for the updated policy, the Committee reviewed the current policy to make sure it remains fit-for-purpose, particularly in the context of:

- Chief Executive succession plans, which came into sharper focus after our current Chief Executive, Alistair Phillips-Davies announced his intention to retire during 2025.
- Our NZAP Plus investment plan designed to deliver growth and create value across SSE to 2026/27.

SSE has continued to perform well throughout the current five-year plan, showing the benefits of a balanced portfolio

of market-focused energy assets supported by regulated income from electricity networks.

All three of our serving Executive Directors were appointed internally and have been with SSE for a number of years. Due to this and legacy final salary pension arrangements, the fixed pay of Alistair is around 40% of his total target remuneration.

In future, we'd like a smaller proportion of remuneration to be fixed, with more emphasis on performance-related pay (both short- and long-term). This will allow us to pay competitively without relying too heavily on base pay. This is designed to create value for money for shareholders and link executive pay more directly to SSE's performance.

With the competition for roles becoming increasingly diverse and international, remuneration at all levels of the business needs to be flexible enough to retain and attract world-class talent.

With all of this in mind, our Committee is proposing four policy changes for approval at the 2025 AGM:

1. An increase in maximum AIP opportunity of up to 200% of salary for Executive Directors (from up to 150% of salary).
2. An increase in the maximum annual awards under the PSP of up to 300% of salary (from up to 250% of salary).
3. A consequential increase in Executive Directors' shareholding requirement to align with the face value of annual awards of shares under the PSP.
4. A streamlining of the current two-year post-employment shareholding policy: other than shares purchased by the Executive Director, the requirement will be to hold any shares to the value of the minimum requirement set by the policy (or the projected shareholding including in-flight long-term incentive awards if lower). This is effectively a housekeeping change to simplify the administration and enforcement of the policy. It will apply from 2025/26.

If approved, the first three changes above will not apply to Alistair.

For many years we've reviewed market practice by looking at our sector competitors,

## Governance

### Membership and attendance

The membership of the Committee comprises four non-Executive Directors and the Chair of the Board. The Group General Counsel and Company Secretary is Secretary, and the Director of HR and Director of Reward and Pensions provide advice to the Committee. The Chief Executive may also attend the meetings but is not present for any discussion about their own remuneration arrangements. The Committee met three times in 2024/25, with attendance set out on [page 93](#).

### Committee performance review

The annual review of Committee performance was facilitated by Heidrick & Struggles (see [pages 105 to 106](#)) and the results considered by the full Committee. This confirmed the Committee's continued effective operation and actions for 2025/26.

#### Review confirmed

- The Committee functions well with prepared members engaging in **productive discussions** that strike the right balance between support and challenge
- Advisors provide **valuable insights** into market trends, regulatory updates and competitor benchmarking
- Thorough executive reviews and performance assessments are conducted with **clear and strategic links** to SSE's overarching goals and objectives

#### Actions for 2025/26

- The Committee should continue to operate in the same way going forward

the FTSE 100, the FTSE 20 to 50 and, increasingly, the FTSE 50 (excluding financial services). SSE's market capitalisation is around the upper quartile of the FTSE 20 to 50 and close to the median of the FTSE 50. The proposed change to incentive levels leaves total remuneration well below the median of the FTSE 50.

During the year, I consulted with our 30 largest shareholders, representing around 55% of SSE's issued share capital, and the three main proxy advisory agencies. We received responses from half of those consulted with, and I'm very grateful to everyone who shared their views on the proposed policy changes in person or in writing. We entered the process aware of wider developments, such as hybrid awards and above-inflationary increases at the largest companies, but decided to take a conservative approach. The feedback received was generally supportive, and the proposals shared in this report did not change as a result of the shareholder consultation process.

### Board changes

After 28 years with SSE and 12 years of exceptional leadership as Chief Executive, Alistair will step down from the Board and will be succeeded by Martin Pibworth, our current Chief Commercial Officer, after the 2025 AGM.

When Alistair leaves the Board in July, he'll be treated in line with the Directors' Remuneration Policy and his service contract. For the purposes of incentives, and given his long and successful career with SSE, he will be treated as a 'good leaver'.

He will not receive an award under the 2025 PSP, and outstanding share awards under the PSP will be pro-rated to reflect the time between the start of the performance period and when he leaves SSE. Awards will vest in line with the normal timetable. His AIP will stop accruing when he steps down from the Board and he'll receive a pro-rated award, without deferral, related to his service in the 2025/26 financial year.

Alistair will continue to receive all elements of fixed pay including base salary, benefits and pension until he leaves at the end of November 2025. He'll be required to keep a shareholding for at least two years after his leaving date in line with the policy.

When he becomes Chief Executive on 17 July 2025, Martin's base salary will be £970,000, 10% less than Alistair's salary upon leaving. We plan to increase his salary by 8% to £1,050,000 with effect from 1 April 2026, subject to satisfactory performance in the role. His pension allowance will be reduced from 15% to 12% of base salary in line with current policy and with the potential pension contribution available to the wider workforce. Martin's overall fixed pay from 1 April 2026 will be around 22% lower than Alistair's fixed pay on stepping down from the Board.

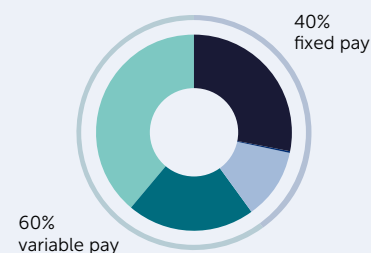
Subject to approval of the Policy at the 2025 AGM, we propose that Martin's AIP opportunity rises to a maximum of 175% of salary from 17 July 2025 and to 200% from 1 April 2026. His PSP opportunity will increase to a maximum of 275% of salary for the 2025 grant and to 300% for the 2026 grant. His shareholding requirement will mirror his PSP opportunity, rising to 275% and then 300% from 1 April 2026. Once the changes are fully implemented from 1 April 2026, Martin's total target pay will only be around 4% higher than Alistair's on stepping down from the Board.

In line with our policy review and discussions with shareholders, the proposed total pay position gives a better balance of fixed and variable pay, with more focus on pay for performance (as shown in the chart). We are confident that this phased approach provides a balanced, yet competitive, outcome which reflects Martin's experience as a proven industry leader with deep sector experience.

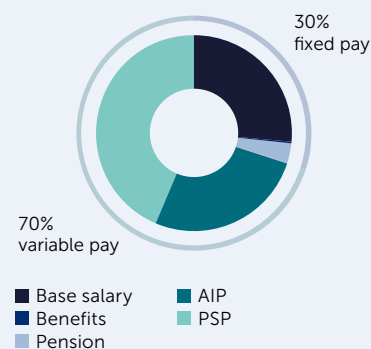
As disclosed in last year's report, the base salary for the Chief Financial Officer, Barry O'Regan, will rise to £700,000 (up by 7.7%) from 1 April 2025 as part of a planned phased increase following his appointment

### Chief Executive fixed and variable pay comparison

#### Current Chief Executive pay



#### Post-policy Chief Executive pay

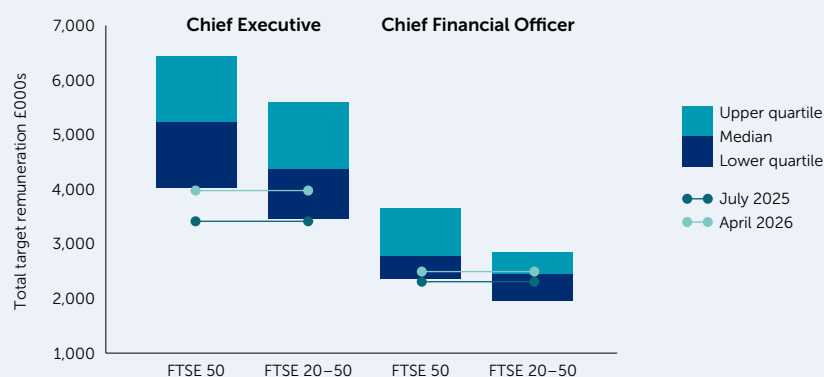


to the Board in 2023. As the Board changes come into effect, Barry may take on additional responsibilities and we will review his base salary position again in September 2025 when Board changes have taken effect.

Barry's maximum AIP opportunity is currently 20% less than the Chief Executive's and the intention is to maintain this differential. So, we propose to increase his AIP opportunity to 155% from 17 July 2025 and to 180% from 1 April 2026. A similar approach will be taken with PSP, where the differential is 25%. We intend to increase the maximum PSP opportunity to 250% for the 2025 grant and to 275% for the 2026 grant.



### Proposed target remuneration against benchmarks



We considered these proposed changes relative to our main external comparator groups: FTSE 50 and FTSE 20 to 50 (excluding financial services). The charts show how proposed total target remuneration for Martin and Barry is positioned against these benchmarks. Total pay for Martin will remain below lower quartile relative to the FTSE 50. Barry's total pay after the Board changes will be in the lower quartile to median range against the FTSE 50.

Overall, the Committee believe that these changes will support our ability to retain and recruit executive directors, and indeed employees across the Group generally, with the knowledge, skills and performance to make SSE successful.

Full details of the policy changes and the policy review process are on [page 129](#).

### Delivery and performance

During 2024/25, our disciplined investment programme continued to create sustainable earnings growth. Our networks and renewables businesses have each contributed over £1bn in adjusted operating profit for the first time. Together, the contribution of earnings from regulated electricity networks and renewables has increased from 63% in the prior year to 87%.

We have also delivered on the commitments we made for the year – with 160.9p adjusted Earnings Per Share (EPS) achieved despite the expected normalisation of profitability in our flexible thermal portfolio. We have continued to progress our growth enhancing investment plans, delivering record capital investment this year of £2.9bn.

### Annual incentive outcomes

We assess AIP against a broad range of metrics – financial, operational, personal and sustainability performance targets – collectively designed to reflect financial and non-financial business performance each year. We evaluate performance objectively, taking into account SSE's performance in the round, and use our discretion to adjust any outcomes we consider inappropriate.

Financial objectives were achieved in 2024/25 and progress was made in operational performance related to the NZAP Plus. Performance against external sustainability indices continues to be strong, with an average ranking around the upper quintile for the third year running.

In particular, safety performance has been encouraging – with fewer injuries overall and the Total Recordable Injury Rate among our contract partners improving on the previous year. Our immersive safety training won a Utility Week award, and over 8,000 SSE employees have now been through the programme. During the year, we were also awarded an Investors in People: We invest in Wellbeing Platinum accreditation, the highest level available.

The outturn for the 2024/25 AIP is 81% of the maximum. We believe this outcome is a fair representation of overall performance and the SSE stakeholder experience. In line with the policy, 33% of the award is deferred into shares for three years. The AIP scorecard is shown on [page 142](#).

### Long-term incentive outcomes

The PSP awards granted in 2022 are due to vest after the 2024/25 financial year-end. This is subject to financial, strategic, and value-creation performance conditions – and measured over the three-year performance period ending 31 March 2025. This is the first year of vesting after the introduction of the strategy and sustainability measures mentioned previously in this report.

We objectively assessed the vesting outcome against the performance measures and targets set. Adjusted EPS growth targets performed particularly well, with this measure paying out in full. Total Shareholder Return (TSR) was only just above median ranking against both the FTSE 100 and European utilities peer groups, with macroeconomic challenges affecting SSE's share price towards the end of the performance period.

The strategy measure performed well overall, reflecting strong performance against networks Regulated Asset Value (RAV)

growth targets. Sustainability performance was also good, particularly in championing a fair and just energy transition, and enabling low-carbon generation and demand.

The outturn for the 2022-2025 PSP award is 59% of the maximum award. For details on the performance measures, targets and performance assessments, see [page 145](#).

We agreed that the outcomes under the AIP and PSP were appropriate in the context of wider business performance, and decided that it wasn't necessary to apply any discretion.

### Base salary changes

Ahead of changes to the Board and the related remuneration changes in July 2025, we have also considered increasing Executive Directors' base salaries from 1 April 2025. We took into account SSE's performance, shareholder returns, and progress against the NZAP Plus.

Importantly, we also considered the pay arrangements for the wider employee population. Half of the employee group covered by trade union agreements is expected to receive an increase of around 6.2% from 1 April 2025. This includes a pay award of CPIH (expected to be around 3.9%) plus 1%, and an additional 1.3% related to pay progression. The pay budget for the rest of employees was 3%, with awards typically ranging from between 1.5% and 5% depending on performance.

Taking this into consideration, we agreed that the base salary increases for Alistair and Martin would be 3% from 1 April 2025 (with Martin subject to further increase once he becomes Chief Executive on 17 July 2025). Barry's base salary will rise by 7.7% to the euro equivalent of £700,000, in line with the phased salary increases agreed when he was appointed to the Board in 2023.

### To conclude

We believe our proposed policy continues to be clearly aligned with SSE's strategy and sustainability focus. It will enable future succession and support our growth plans. Incentive outturns in the year reflect performance, and base salary increases are appropriate relative to the wider employee population.

Looking ahead, we plan to continue to be open about our decision making, clear in our reporting about remuneration, and fully mindful of SSE's stakeholder groups. I welcome all feedback and comments on this Directors' Remuneration Report or on remuneration more generally, and can be reached through SSE's Group General Counsel and Company Secretary, Liz Tanner at [ir@sse.com](mailto:ir@sse.com).

Melanie Smith CBE

Chair of the Remuneration Committee

20 May 2025

## Directors' Remuneration Policy review

### Introduction

The current Directors' Remuneration Policy was approved in 2022 and is due for renewal at the AGM in July 2025.

In September 2024, the Remuneration Committee held a policy review workshop where they discussed the important role the policy plays in supporting both SSE's ambitious growth plans and executive succession plans.

In light of this, a set of key principles was established on which the policy and proposed changes are based. These are in the adjacent illustration.

A timeline of this process and more detail on the key considerations are shown in the following pages.

### Key principles for our Remuneration Policy

#### Balanced

The policy should provide an appropriate balance of fixed and variable pay, with an emphasis on performance-related pay and less reliance on base pay.

#### Competitive

The approach to remuneration at all levels of the business needs to be flexible enough to retain and attract world-class talent.

#### Sustainable

The policy should encourage the long-term stewardship of SSE and support its sustainable, long-term growth ambitions through the Net Zero Acceleration Programme (NZAP) Plus.

#### Strategically aligned

There should be clear links to SSE's strategy of creating value for shareholders and society in a sustainable way.

### Policy changes

A broad range of potential changes were explored by the Committee. After feedback from shareholders, a set of policy change proposals were agreed.

Area of change	Current policy	Proposed policy	Rationale for change
<b>Annual Incentive Plan (AIP) quantum</b>	The maximum AIP opportunity for the Chief Executive is 200% of base salary.	The maximum AIP opportunity will increase to 250% of base salary to create headroom for the recruitment of a new Chief Executive.	The current Chief Executive's fixed pay is c.40% of total target remuneration on account of the legacy final salary pension (which will not be available to a new Chief Executive). A greater balance of performance-related pay will allow more competitive pay without relying too heavily on base salary, providing better value for shareholders.
<b>Performance Share Plan (PSP) quantum</b>	The maximum PSP opportunity for the Chief Executive is 250% of base salary.	The maximum PSP opportunity will increase to 300% of base salary to create headroom for the recruitment of a new Chief Executive.	SSE's competition for talent is increasingly diverse and international, and the increase in quantum will help attract and retain the right candidates.  The combined value of incentives will be a maximum of 500%, which is in the lower quartile to median relative to external benchmarks.
<b>Shareholding requirement</b>	The Chief Executive must maintain a shareholding of 250% of base salary.	The Chief Executive's shareholding requirement will increase to 300% of base salary.	A consequential increase in the shareholding to align with the face value of the annual award of shares under the PSP.
<b>Post-employment shareholding</b>	Executive Directors are required to hold their in-employment shares for a further two years after employment finishes.	Executive Directors will be required to hold any shares to the value of the minimum requirement set by the policy (or the projected shareholding including in-flight long-term incentive awards if lower).	This is considered a housekeeping change, which maintains an effective post-employment shareholding requirement but reduces the administrative burden.

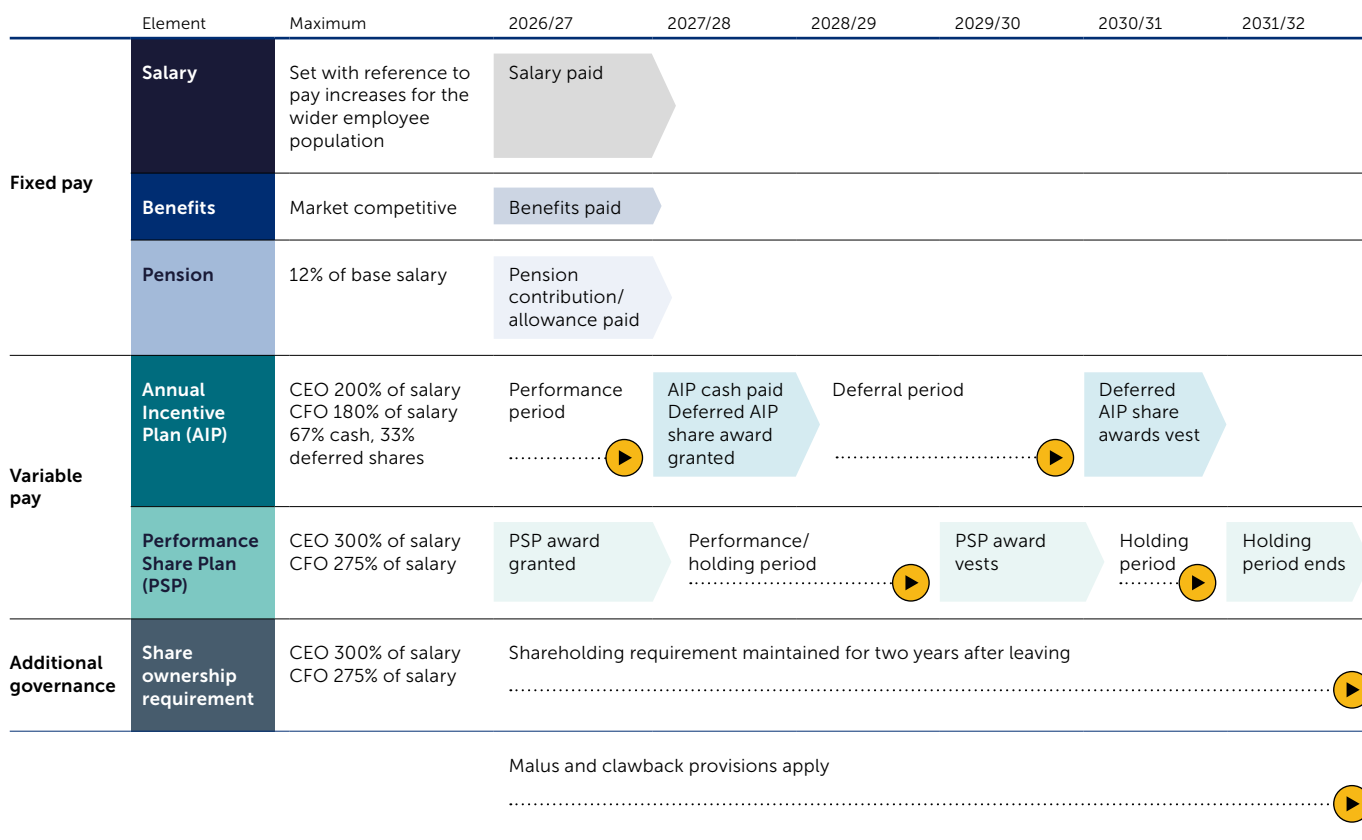
The Committee also considered and decided against the following options:

- Replacing the current PSP with a Restricted Share Plan. Ultimately, the Committee decided that performance shares based on a combination of financial, market-based and strategic goals remains the best long-term reward mechanism. This reflects the Board's confidence in the NZAP Plus and SSE's ability to deliver against it.
- Reducing the proportion of the award deferred as shares under the AIP. The Committee acknowledged that some companies have reduced bonus deferral, particularly once shareholding requirements have been met. As the current deferral is consistent with broader internal practice, a decision was made not to make changes in this area.

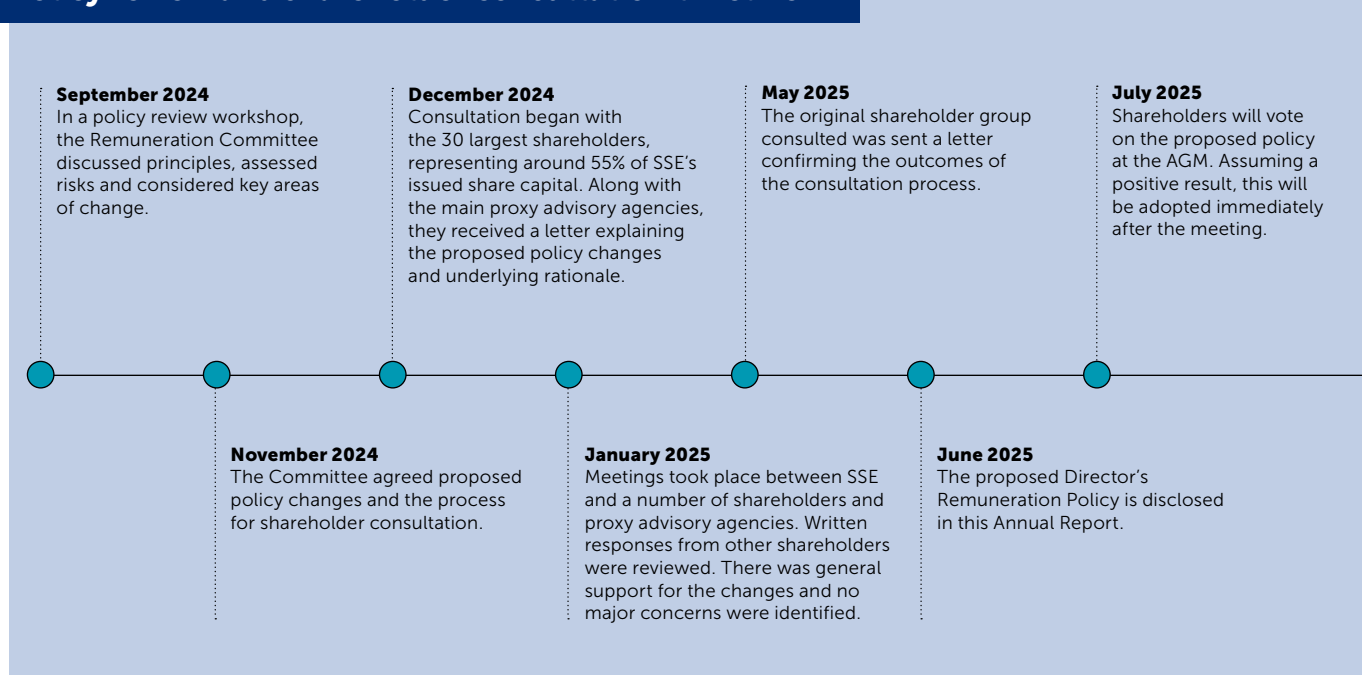
## Directors' Remuneration Policy review continued

### Policy in action

This sets out how the Remuneration Committee intends to operate the new policy once fully implemented in 2026/27.




### Policy review and shareholder consultation timeline



# Directors' Remuneration Policy

## Introduction

SSE's proposed new Directors' Remuneration Policy is set out in this section. This policy is subject to a binding shareholder vote at SSE's AGM on 17 July 2025 and, if approved, will apply from this date. It will apply for up to three years and will be subject to re-approval at the 2028 AGM at the latest.

The policy was reviewed and approved by the Remuneration Committee. As part of this process, the views of our larger shareholders and other shareholder advisory bodies were sought. In addition, the thoughts of other Board members, management and external advisors were considered. The members of the Committee then made decisions independently without inappropriate influence. No person participated in decisions relating to their personal remuneration. The policy review process is detailed on [pages 129 and 130](#) .

The current policy was approved at the AGM on 21 July 2022 and can be seen in full in SSE's 2022 Annual Report.

The Remuneration Committee considered the policy in the context of the principles set out in the UK Corporate Governance Code.

<p><b>Clarity</b></p> <ul style="list-style-type: none"> <li>Our Directors' Remuneration Policy is designed to be sustainable and simple. It supports and rewards the diligent and effective stewardship vital to delivering SSE's core purpose (providing energy needed today while building a better world of energy for tomorrow) and our strategy of creating value for shareholders and all stakeholders.</li> <li>The policy updates the previous policy with minimal structural changes. So it's already embedded into the business and is well understood by participants and shareholders alike.</li> <li>The policy clearly sets out the terms under which it can be operated, including appropriate limits in terms of quantum, the measures which can be used, and discretions which could be applied as appropriate.</li> <li>Transparency in approach has been a cornerstone of our policy. There is detailed disclosure of the relevant performance assessments and outcomes for shareholders to consider.</li> </ul>	<p><b>Simplicity</b></p> <ul style="list-style-type: none"> <li>Our pay arrangements include a market standard annual incentive and long-term share plan, each of which is explained in detail in our policy.</li> <li>No complex or artificial structures are needed to operate the plans.</li> <li>We explain our approach to pay clearly and simply.</li> </ul>
<p><b>Risk</b></p> <ul style="list-style-type: none"> <li>Appropriate limits are stipulated in the policy and respective plan rules.</li> <li>The Committee also has appropriate discretions to override formulaic outturns when assessing the variable incentive plans.</li> <li>Each year, the Committee reviews risks associated with the policy and its operation. Any risks identified are considered with appropriate mitigation strategies or tolerance levels agreed.</li> <li>Regular interaction with the Audit and SSHEA Committees ensures relevant risk factors are considered when setting or assessing performance targets.</li> <li>Clawback and malus provisions are in place across all incentive plans, and the 'triggers' have been reviewed and strengthened.</li> </ul>	<p><b>Predictability</b></p> <ul style="list-style-type: none"> <li>The possible reward outcomes can be easily quantified, and these are reviewed by the Committee.</li> <li>The graphical illustrations provided in the policy clearly show the potential scenarios of performance and resulting pay outcomes.</li> <li>Performance is reviewed regularly, so there are no surprises when performance is assessed at the end of the period.</li> </ul>
<p><b>Proportionality</b></p> <ul style="list-style-type: none"> <li>Variable incentive pay outcomes are clearly linked to delivering the strategy.</li> <li>Performance is assessed on a broad basis, including a combination of financial, operational and sustainability metrics. This ensures no undue focus on a single metric.</li> <li>The Committee also has the discretion – which it has used – to override formulaic outcomes if they are seen as inappropriate in light of wider Company performance and the experience of stakeholders.</li> </ul>	<p><b>Alignment to culture</b></p> <ul style="list-style-type: none"> <li>At the heart of the policy is a focus on the long-term sustainability of the business.</li> <li>This reflects SSE's business culture of 'doing the right thing', which is aligned to effective stewardship that creates value for all stakeholders.</li> <li>Our incentive plans and approach to measuring performance in particular, reflect our SSE SET core values.</li> </ul>



## Policy table

Base salary	
Purpose and link to strategy	The base salary supports the recruitment and retention of Executive Directors of the calibre needed to develop SSE's strategy, deliver efficient operations and investments, and engage effectively with key stakeholders. It's intended to reflect the role and its responsibilities, business and individual performance measured against strategy and core purpose, and competitive market pressures.
Operation	<p>The Remuneration Committee sets base salary taking into account:</p> <ul style="list-style-type: none"> <li>– the individual's skills, experience and performance;</li> <li>– salary levels at other UK-listed companies of a similar size and complexity and other energy businesses;</li> <li>– remuneration of different groups of employees and wider internal pay arrangements; and</li> <li>– the overall policy objective to set a competitive, but not excessive, total remuneration position against our chosen benchmarks.</li> </ul> <p>Base salary is normally reviewed each year with changes effective from 1 April. It may be reviewed more frequently or at different times of the year if the Committee sees this as appropriate.</p>
Maximum opportunity	<p>Salary increases are normally capped at the typical level of increases awarded to other employees at SSE. Increases may be above this level in certain circumstances, including but not limited to:</p> <ul style="list-style-type: none"> <li>– where a new Executive Director has been appointed to the Board at an initially lower base salary with the intention that larger salary increases would be awarded as the Director gains experience;</li> <li>– where there has been a significant increase in the scope and responsibility of an Executive Director's role or where they have been promoted; and</li> <li>– where a larger increase is considered necessary to reflect significant changes in market practice.</li> </ul>
Performance measures	When setting and reviewing salaries each year, the Committee considers how Executive Directors have ensured that SSE fulfils its core purpose of providing the energy needed today while building a better world of energy for tomorrow. They also assess delivery on SSE's strategy to create value for shareholders and society in a sustainable way by developing, building, operating and investing in the transition to net zero.
Benefits	
Purpose and link to strategy	To provide a market-competitive level of benefits for Executive Directors.
Operation	<p>The objective is to provide the appropriate level of benefits taking into account market practice at similar sized companies and the level of benefits provided for other employees at SSE.</p> <p>Current core benefits include car allowance, private medical insurance and health screening.</p> <p>Executive Directors are eligible to participate in the SSE's all-employee share plans on the same terms as UK colleagues. SSE currently operates the Share Incentive Plan (SIP) and the Sharesave Scheme (SAYE).</p> <p>If an Executive Director needed to relocate to perform their role, the Committee may provide other reasonable benefits to reflect the circumstances.</p> <p>The Committee may introduce or remove particular benefits if seen as appropriate.</p> <p>Travel and business-related expenses incurred which may be treated as taxable benefits will be reimbursed in line with SSE's expenses policy.</p>
Maximum opportunity	When determining the level of benefits, the Committee will consider the factors outlined above. The cost will depend on the cost to SSE of providing individual items and the individual's circumstances. There is no maximum benefit level.
Performance measures	Not applicable.

## Pension

Purpose and link to strategy	<p>Pension planning is an important part of SSE's remuneration strategy, as it's consistent with the long-term goals of the business.</p> <p>This approach to pension planning supports SSE's ability to retain experienced Executive Directors and develop talent internally.</p>
Operation	<p>The current Chief Executive participates in the Southern Electric Pension Scheme, the same scheme which any employee recruited at that time participates in. This scheme is a funded final salary scheme pension (subject to the cap on future increases in pensionable pay described below). Where an Executive Director is subject to the scheme-specific salary cap (which mirrors the provisions of the previous HMRC cap arrangements) SSE provides top-up unfunded arrangements (UURBS) up to the maximum benefit stated below.</p> <p>The current Chief Commercial Officer receives a cash allowance in lieu of accruing future pension benefits. This allowance predates his appointment as an Executive Director and is in line with other former defined benefit scheme members who have opted out at 15%.</p> <p>The Chief Financial Officer and any new appointments to the Board will receive pension provisions in line with arrangements for SSE employees.</p>
Maximum opportunity	<p>Arrangements for the Chief Executive provide for a maximum pension of two-thirds of final salary, normally at age 60. From 1 April 2017, future pensionable pay increases will be capped at RPI + 1% (regardless of the level of any actual increases in salaries).</p> <p>For new appointments, employer's pension contributions are capped in line with the potential pension contribution available for all SSE employees: 12% of base salary.</p>
Performance measures	Not applicable.

## Annual Incentive Plan (AIP)

Purpose and link to strategy	<p>To achieve a suitable balance of fixed and variable remuneration, the AIP rewards Executive Directors based on their achievement of performance targets linked to SSE's strategy and core purpose.</p> <p>Compulsory deferral into SSE shares helps align Executive Directors' interests and the long-term interests of shareholders.</p>
Operation	<p>The Committee determines the level of incentive at its absolute discretion. It takes into account performance in each of the measures, the underlying performance of the business, and how Executive Directors have managed and performed in relation to all business issues during the year.</p> <p>Performance is typically assessed over a financial year. For each measure, where performance reaches or exceeds the maximum, an outturn of 100% is payable. There is no payment for below-threshold performance.</p> <p>The award will normally be delivered as 67% in cash and 33% in deferred shares.</p> <p>The Committee may decide to award a different balance of cash and deferred shares. Deferred shares normally vest three years from the award date (unless the Committee decides another vesting period is appropriate), subject to continued employment with accrual of dividends over that period. Until vesting, the awards may accrue additional dividend shares. Dividend equivalents may be decided by the Committee on a cumulative basis and may assume reinvestment of dividends in SSE shares.</p> <p>In certain circumstances as set out in the plan rules, the Committee has discretion to apply malus to outstanding awards under the AIP or unvested deferred share awards before the relevant vesting or payment date. They can also, or instead, claw back the cash or share portion of awards under the AIP for up to three years after the cash payment date of the relevant award.</p>
Maximum opportunity	The maximum annual incentive opportunity for Executive Directors is 200% of base salary.
Performance measures	<p>The annual incentive is normally based on a mix of financial, operational, strategic and stakeholder measures reflecting the key values and priorities of the business. A minimum of 50% of the annual incentive will be based on financial performance metrics. The Committee determines the exact metrics each year based on the key strategic objectives for the forthcoming year and makes sure these are appropriately stretching in the context of the business plan. The measures for the current year are on <a href="#">page 144</a>.</p> <p>The Committee may review the detailed targets and weightings of measures each year, as well as the appropriate threshold levels of vesting and performance.</p> <p>Around 50% of the incentive is paid if target levels of performance are delivered, with the full incentive paid for delivering stretching levels of performance.</p> <p>The part of the AIP that's deferred in the form of deferred shares is not linked to any further performance conditions.</p>

### Performance Share Plan (PSP)

Purpose and link to strategy	The PSP aims to reward Executive Directors – over a three-year performance period and a further two-year holding period – for their part in delivering the sustained success of the Company. It also ensures that their interests are aligned with those of SSE's shareholders.
Operation	<p>Shares are awarded which normally vest based on performance over a period of three years. Awards granted to Executive Directors will be subject to an additional two-year post-vesting holding period. During this time the Executive Director must retain the post-tax number of shares vesting under the award. All the shares vest if the maximum performance standard is reached or exceeded. No vesting is possible for below threshold performance.</p> <p>The Committee determines the extent to which the performance conditions have been met. No shares will vest unless the Committee is satisfied with the underlying financial performance of the Company. Awards only vest after the end of the performance period.</p> <p>Until vesting, PSP awards may accrue additional dividend shares. Dividend equivalents may be determined by the Committee on a cumulative basis and may assume dividends have been reinvested in SSE shares.</p> <p>In certain circumstances set out in the PSP rules, the Committee may at its discretion apply malus to outstanding awards before vesting and/or clawback vested awards for up to three years after the vesting date.</p> <p>The Committee may adjust and amend awards in line with PSP rules.</p>
Maximum opportunity	<p>The maximum annual value of award that can be granted under the PSP for Executive Directors is up to 300% of base salary.</p> <p>See also the share ownership policy requirement.</p>
Performance measures	<p>The Committee reviews and adjusts targets each year, ensuring these are stretching and represent value creation for shareholders while being realistically achievable for management.</p> <p>Awards vest based on a range of measures which may include value creation, financial, operational, strategic or stakeholder-based measures. A minimum of 70% of the award will be based on financial and value-creation measures. The Committee will review the most appropriate measures, detailed targets and weightings of measures each year, as well as the appropriate threshold levels of vesting and performance.</p>

### Share ownership policy

Purpose and link to strategy	A key element of SSE's Remuneration Policy is to align the interests of Executive Directors with those of SSE shareholders.
Operation	<p>Shareholding is normally built up by shares vesting through the PSP, as well as deferred shares from the AIP and all-employee share schemes. Executive Directors may also choose to buy shares.</p> <p>The requirement to hold shares continues after employment. Executive Directors must continue to hold any shares (excluding those purchased from own funds) to the value of the minimum requirement set by the policy (or the projected shareholding including in-flight LTIP awards if lower), for another two years following cessation of employment.</p>
Maximum opportunity	Executive Directors are required to maintain a shareholding. This is linked to the face value of the annual award of shares under the PSP (i.e. up to a maximum of 300% of base salary), and should be built up over a reasonable timeframe.
Performance measures	Not applicable.

### Chair and non-Executive Directors' fees

Purpose and link to strategy	Fees are set at a level which rewards Directors for undertaking their role. They're intended to attract and retain people with the calibre and experience to contribute effectively at Board level.
Operation	<p>The Committee is responsible for determining fees for the Chair. The Board determines fees for other non-Executive Directors.</p> <p>Fees are reviewed at appropriate intervals against companies of a similar size and complexity. Fees are set in a way that is consistent with the wider remuneration policy.</p> <p>The fee structure may be made up of:</p> <ul style="list-style-type: none"> <li>– a basic Board fee or Chair fee;</li> <li>– an additional fee for any committee chairship or membership; and</li> <li>– an additional fee for other responsibilities such as Senior Independent Director, non-Executive Director for Employee Engagement, or periods of increased activity.</li> </ul> <p>Non-Executive Directors do not participate in the Annual Incentive Plan, Deferred Bonus Scheme or any of the share schemes, or contribute to any group pension scheme.</p> <p>Non-Executive Directors currently receive no benefits. Benefits may be provided in future for non-Executive Directors if the Board sees this as appropriate, and they may be provided in future for the Chair if the Committee sees this as appropriate.</p> <p>Reasonable travelling and other expenses for costs incurred in the course of the non-Executive Directors undertaking their duties are reimbursed (including any tax due on the expenses).</p> <p>All non-Executive Directors are expected to build up at least 2,000 SSE shares.</p>
Maximum opportunity	The aggregate level of non-Executive Director fees should not go over the maximum set out in the Articles of Association.
Performance measures	There are no direct performance measures relating to Chair and non-Executive Director fees. The performance of the Board is evaluated each year, and this includes an evaluation of individual members.

### Performance measures and targets

The Committee sets a range of simple, transparent and balanced performance measures linked to Executive Directors' remuneration. All have a clear link to strategic objectives and support value creation for shareholders. Performance targets will be stretching, and maximum performance will only be attained for true out-performance of targets. Longer-term financial targets set for the awards under the PSP will be reviewed and set in light of the relevant business plan. Where possible, targets will be disclosed prospectively unless there are commercial sensitivities, in which case they may be shared retrospectively at an appropriate time.

### Committee discretion

All incentive awards are subject to the terms of the relevant plan rules under which awards are made. The Committee may adjust or amend awards in line with the provisions of the relevant plan rules. This includes, but is not limited to:

- Adjusting the number of shares and/or performance conditions attached to awards in the case of changes to SSE's share capital or reserves, or a demerger, special dividend, rights issue or other event.
- Adjusting PSP performance conditions for subsisting awards to take account of relevant factors, for example to reflect changes to accounting standards.
- If the Company is voluntarily wound-up, allowing some or all outstanding PSP awards to vest (and be deemed exercised) on the date the resolution for the winding-up is passed.

The Committee may make minor changes to this policy (such as for regulatory, exchange control, tax or administrative purposes – or to account for changes in legislation, corporate governance requirements or guidance) without asking shareholders to approve the change.

### Legacy commitments

The Committee has the right to make any remuneration payments and payments for loss of office (including exercising its discretion in connection with such payments) even if they are not in line with the policy set out in this report, where the terms of the payment were agreed:

- before this policy came into effect as long as the terms of the payment were consistent with the shareholder-approved Directors' Remuneration Policy in place at the time they were agreed or,
- at a time when the relevant individual was not an SSE Director and, in the opinion of the Committee, the payment was not related to the person becoming a Company Director.

Payments include the Committee agreeing awards of variable remuneration and an award over shares is 'agreed' at the time the award is granted. Any payments made outside of the Directors' Remuneration Policy related to legacy commitments will be shared in full in the relevant year's Annual Report.



### Directors' service contracts and non-Executive Directors' letters of appointment

Current Executive Directors have service contracts terminable by the Company immediately without notice upon breach by the individual, or by the Company with 12 months' notice, or by payment in lieu of salary only during that notice. The payment in lieu of notice may be made in staged payments and may either reduce or stop completely when the departing Executive Director gains new employment. The Executive Director may terminate the contract by giving the Company 12 months' notice. Contracts for new Executive Directors will be limited to 12 months' notice by both parties (or payment in lieu of notice in respect of the Company). The service contracts are available to view at SSE's registered office.

Non-Executive Directors are appointed for fixed terms of three years, subject to retirement and re-appointment at AGMs. Non-Executive Directors are not entitled to any payment in lieu of notice or any compensation for loss of office when they leave.

Non-Executive Director letters of appointment are available to shareholders at [sse.com](https://www.sse.com) .

### Loss of office policy

The Committee takes a number of factors into account when determining leaving arrangements for Executive Directors:

- The Committee must satisfy any contractual obligations which are in the Remuneration Policy or entered into on or before 27 June 2012 in line with relevant legislation.
- The treatment of outstanding share awards is governed by the relevant share plan rules, as set out below.
- The Committee may decide that the Executive Director should receive reasonable outplacement support and legal advice at the expense of the Company as well as any payments required by statute.
- The Company can terminate any Executive Director's contract by giving notice or payment in lieu of notice (as explained above).

### AIP

The Executive Director may continue to be eligible for an AIP award for the financial year in which they leave employment if the Committee has decided good leaver terms apply. AIP awards will be determined by the Committee, taking into account time in employment and performance. AIP awards received in such cases may not be subject to deferral into shares, as long as the post-employment share ownership policy has already been fulfilled or will be by other means. To be clear, any AIP will be pro-rated for the period of service.

### Deferred shares

If an Executive Director's employment ends in circumstances such as death, injury, disability, ill health or other circumstances that the Committee considers appropriate, unvested deferred shares will vest in full when employment finishes.

If an Executive Director leaves the business in other circumstances, their deferred shares will lapse.

### Performance share plan

If an Executive Director's employment ends in circumstances such as death, injury, disability, ill health or other circumstances that the Committee considers appropriate, PSP shares may continue to vest. The PSP shares will normally be reduced to reflect the time elapsed in the three-year performance period when the Executive Director's employment ended. They will normally still be subject to performance conditions at the end of the performance period.

The Committee may decide, in exceptional circumstances, that PSP shares can be released when employment finishes. It will determine the level of vesting taking into account how long the Executive Director has been in employment and the extent to which performance conditions have been met at that time. This may be adjusted if the Committee considers that a performance condition would have been met to a greater or lesser extent at the end of the original performance period.

The Committee has the discretion to remove time pro-rating or change the time pro-rating fraction if it considers that the Executive Director's contribution to the business would not otherwise be properly recognised. In this circumstance, the vesting of PSP shares would be subject to performance until the end of the performance period. The Committee will have discretion to determine the treatment of any holding period in accordance with the post-cessation shareholding requirement and/or the rules of the plan.

If the Executive Director's employment ends for any other reason, unvested PSP share awards will lapse. Vested PSP shares, which are subject to a mandatory holding period, will not lapse as a result of employment coming to an end for any other reason.

### Pension

When an Executive Director participating in the defined benefit pension scheme retires through ill health, they're entitled to an unreduced pension based on service to expected retirement.

In the event of any reorganisation or redundancy, Executive Directors who are 50 or older with at least five years of service will be given an unreduced accrued pension. If an Executive Director is not yet 50 at the time of this event, their pension will be paid from age 50.

From age 55 Executive Directors can leave SSE and receive a pension reduced for early payment, unless the Company agrees to the pension being paid on an unreduced basis.

Depending on the circumstances of the Executive Director's leaving and the financial health of the Company at the time, the Committee will consider a cash commutation of the UURBS pension at the time of leaving. Any cash commutation would limit SSE's liability, taking into account valuations by independent actuarial advisors. This would be undertaken on what the Committee judges to be a cost neutral basis to SSE.

The following is information about the pension of Alistair Phillips-Davies, who is in the HMRC-approved Southern Electric Group of the Electricity Supply Pension Scheme. The terms of this also apply to the UURBS arrangement.

- Dependants' pensions on death are four-ninths of the member's pensionable pay, together with a capital sum equal to four times pensionable pay. If death occurs after the age of 55 an additional lump sum between three to five times notional pension is payable depending on age and length of service.
- On death in retirement, the Director's spouse will receive a pension equal to two-thirds of that payable to the Director. In addition, if death is within the first five years of retirement, a lump sum is payable equal to the balance outstanding of the first five years' pension payments.
- Post-retirement increases are expected to be in line with RPI (guaranteed up to the level of 5% per year and discretionary above that level).

### Other arrangements

If buyout awards are made on recruitment, the treatment on leaving will be determined at the time of the award.

For all-employee share plans, such as the Sharesave Scheme and the Share Incentive Plan, leavers will be treated in line with the HMRC-approved plan rules.

### Change of control

On a change of control, Executive Directors' awards will be treated in line with the rules of the applicable plan(s). In summary, if there's a change of control of the Company, performance in the PSP will be measured to that date. This is subject to modification if the Committee considers that the performance conditions would be met to a greater or lesser extent at the end of the original performance period. Awards will normally be scaled down to reflect the period up to the change of control. The Committee can remove or change the pro-rating fraction if it feels that participants' contribution to creating shareholder value during the performance period would not otherwise be properly recognised.

Any outstanding unvested deferred shares from the AIP will vest automatically, and any vested shares subject to a holding period will be released.

### Recovery provisions

The Committee believes that it should be able to recover pay in circumstances where that pay is later proved to have been unfairly earned. The PSP and AIP have recovery provisions under malus and clawback.

Malus is the ability to reduce or cancel unvested deferred AIP and PSP share awards. Clawback is the ability to take back value delivered through the cash element of AIP or vested AIP awards at any point. In order to provide sufficient time for any issues to come to light, it will apply for up to three years post-payment of cash under the AIP and up to three years post-vesting of PSP shares. They would apply under the following circumstances at any point between the grant date and vesting date:

- Material misstatement or restatement of accounts
- Misconduct which results in a materially adverse financial effect
- Serious reputational damage including material environmental or safety issue, or material operational or business failing
- Factual error in calculating payment/vesting
- Serious misconduct
- Corporate failure
- Material risk failure
- Material detriment to the market reputation of stakeholders or the Company
- Unreasonable failure to protect stakeholders' interests

These recovery provisions form part of the relevant plan rules which participants agree to be bound to as part of their service contracts.

### Recruitment policy

The Committee aims to align remuneration packages with this Policy. In determining a total remuneration package for a new recruit, the overriding objective is to make decisions in the best interests of SSE, its shareholders and other stakeholders.

Base salary will be set with reference to the individual's skills, experience and performance, salary levels at similar sized UK companies and domestic and international energy businesses, remuneration of different groups of employees, and wider internal pay arrangements.

The Committee will determine appropriate pension provision for any new Executive Director. When determining pension arrangements for new external appointments, the Committee will keep contributions in line with the potential pension contributions available to the wider employee population which is currently 12% of salary.

Variable incentive levels will be in line with those set out in the policy table, with the maximum no more than 200% of base salary for AIP and 300% of base salary for PSP. While the intention is generally to set consistent performance measures across the executive team, it may sometimes be necessary to set alternative measures for the initial awards based on the timing and circumstances of a new appointment. PSP awards may be granted shortly after an appointment, as long as the Company is not in a closed period.

The Committee may make awards under the Company incentive plans or other available structures when appointing an Executive Director to "buy out" remuneration arrangements given up on leaving previous employment. In doing this, the Committee will take into account relevant factors such as performance conditions attached to these awards, their form (cash or shares), and the time over which they would have vested. Generally, buy-out awards will be made on a comparable basis to the ones forfeited.

Under the FRC Listing Rules exemptions, the Committee may make awards under SSE's incentive plans to facilitate the recruitment or retention of an Executive Director in unusual circumstances. The use of the exemption is limited to the granting of buy-out awards or share awards within the limits described above.

### Shareholders' views

The Committee Chair, on behalf of the Committee, consulted with SSE's largest shareholders in developing the new Remuneration Policy, as well as representatives from the main proxy voting agencies. Details of the consultation process are on [page 130](#).

The Committee Chair also consults from time to time with institutional shareholders on a broad range of remuneration issues. The Committee finds such meetings a valuable chance to hear feedback on the work of the Committee and the key issues it's considering. The helpful feedback and insights received inform the Committee's decisions.

The Committee also monitors the views of other stakeholders and broader developments in executive remuneration.

### Remuneration engagement across SSE

The Committee appreciates the importance of maintaining an appropriate relationship between remuneration levels of Executive Directors, senior executives, managers and other employees in SSE (although comparison metrics are not used to determine pay policy). The structure of reward necessarily differs based on scope and responsibility of role, level of seniority and location.

The table on [page 150](#) shows how the core elements of executive pay align with the wider workforce.

In summary:

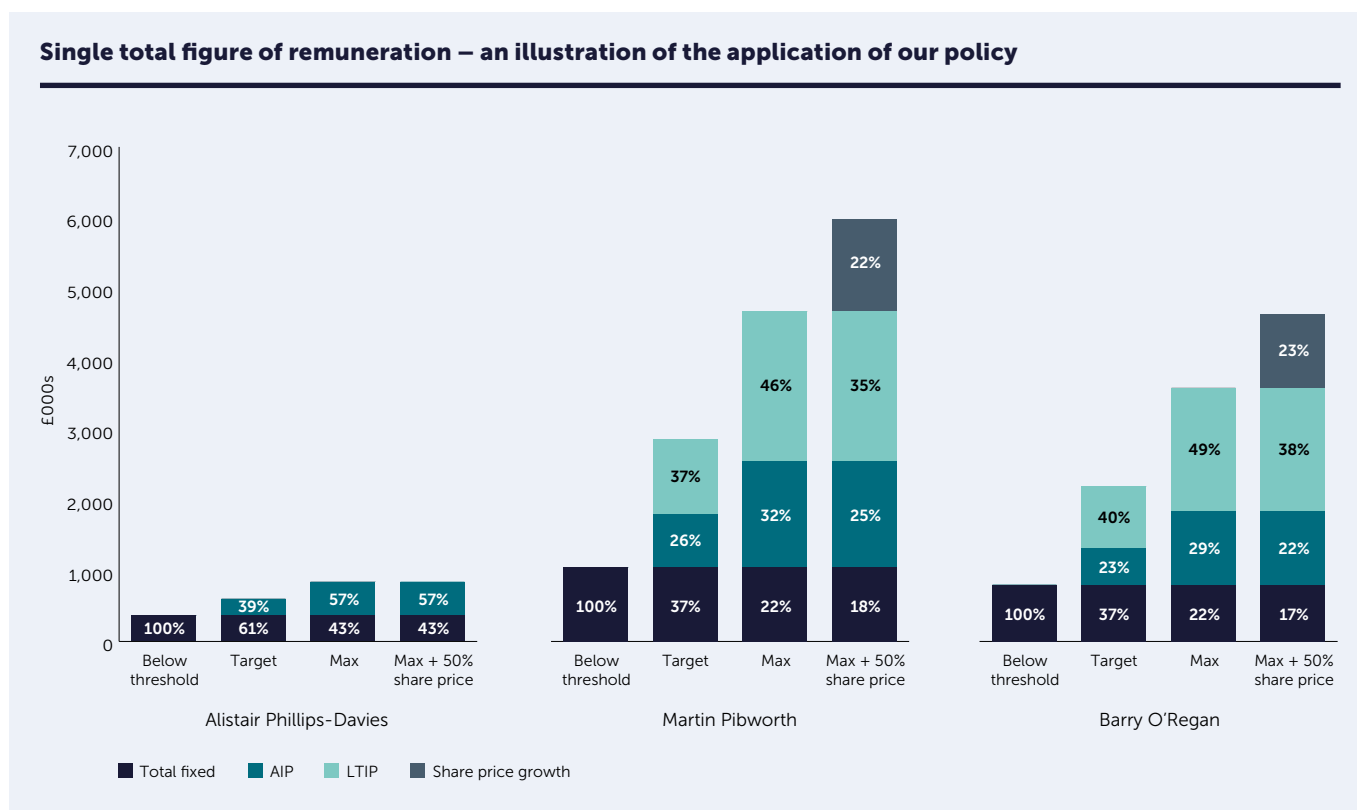
- Senior management also participates in annual and long-term incentive arrangements. In line with Executive Directors' arrangements, incentives for senior management have an emphasis on share awards, and the performance metrics support those used at Board level.
- All employees have the opportunity to own shares through the Share Incentive Plan and Sharesave Plan. These shareholders are able to express their views in the same way as any other shareholders.
- Pension planning is an important part of SSE's reward strategy for all employees as it's consistent with the long-term goals and horizons of the business.
- As part of its Employee Engagement Survey, SSE invites all employees to share their views on benefits and pay.

The Remuneration Committee is responsible for determining the pay for SSE's most senior executives and the Chair of the Board. It also reviews remuneration arrangements for all employees across the Group.

The Chair of the Remuneration Committee meets at least once a year with SSE's recognised trade unions to discuss SSE's position on executive remuneration.

### Illustration of the Directors' Remuneration Policy for 2025/26

These charts show a forward-looking potential single total figure of remuneration value for 2025/26 at below threshold, target and maximum for each of the Executive Directors. The scenarios incorporate the proposed changes to remuneration for Martin and Barry following Martin's appointment as Chief Executive on 17 July 2025, as described on [page 127](#), and represent an increase on the previous year. Alistair will step down from the Board on 17 July 2025 and his pay has been pro-rated to this date. He will receive no PSP grant in the year, and he will receive a pro-rated AIP award without any deferral into shares.

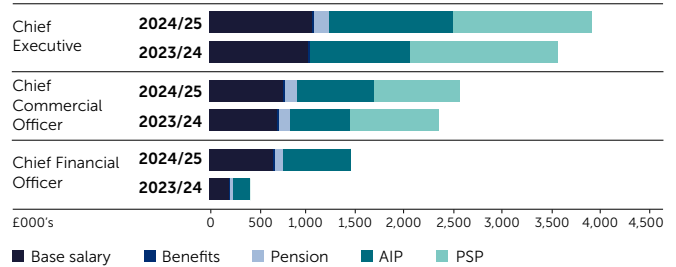


## Remuneration at a glance

### Single total figure of remuneration outcomes in 2024/25

Executive Directors' total remuneration has increased relative to the previous year. This is partly because the Chief Financial Officer joined the Board part way through 2023 and so his pay in the previous year was pro-rated. Fixed pay was higher in 2024/25, following increases to base salary, and a higher valuation of the Chief Executive's final salary pension. Variable pay was also slightly higher on account of a higher AIP outcome.

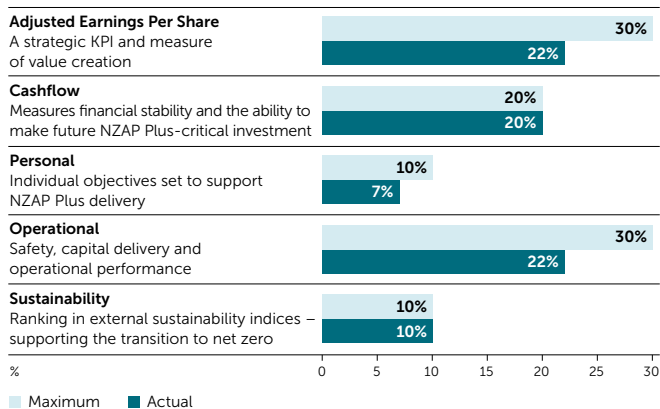
This chart shows the single total figure of remuneration for each Executive Director.



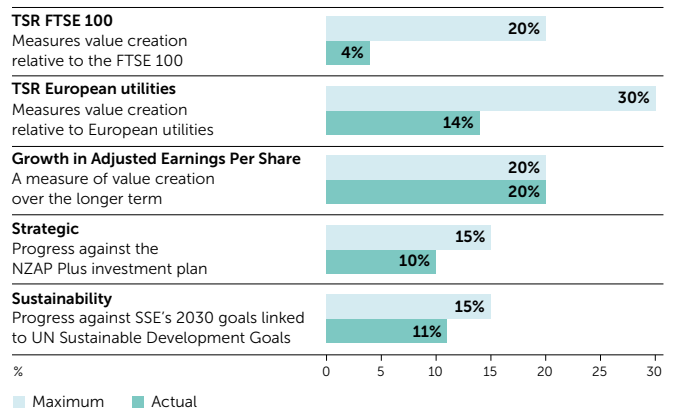
### Incentive performance

These charts show incentive plan performance during the year relative to the maximum outturn achievable under each measure. They explain how each performance measure links to wider SSE strategy. The overall outturn for the Annual Incentive Plan (AIP) is 81% and the overall outturn for the Performance Share Plan (PSP) is 59%.

#### Annual Incentive Plan



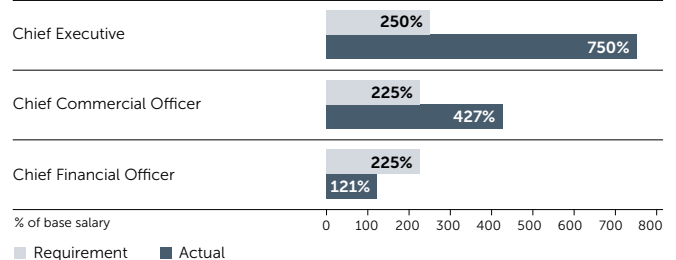
#### Performance Share Plan



### Executive shareholding

Executive Directors are required to maintain a holding of SSE shares in order to align their interests with those of SSE's shareholders. This chart shows shareholdings at 31 March 2025 relative to the shareholding requirement for each Executive Director.

The Chief Executive is currently required to hold shares equivalent to 250% of base salary, and the other Executive Directors are required to hold shares equivalent to 225% of base salary. Both the Chief Executive and the Chief Commercial Officer have exceeded the shareholding requirement. The Chief Financial Officer continues to build up a shareholding following his appointment in 2023.





# Annual Report on Remuneration

## Key:

### AUDITED

Table content that sits under the amber Audited rule has been subject to audit.

### IMPLEMENTATION

Table content that sits under the turquoise Implementation rule is planned for implementation in 2025.

This Annual Report on Remuneration explains what each Executive Director was paid for the financial year ending 31 March 2025 and what they will be paid for the 2025/26 financial year.

## 1. Single total figure of remuneration (audited)

The table below shows the single total figure of remuneration for each Executive Director over the past two years. There has been a year-on-year increase in remuneration of 25%.

Barry O'Regan joined the Board as Chief Financial Officer (CFO) on 1 December 2023 so his pay in 2023/24 was pro-rated which accounts for a large part of the increase.

Fixed pay was higher in 2024/25 following increases to base salary from 1 April 2024, and also because of the valuation of the final salary pension of Alistair Phillips-Davies. The pension valuation is based on the capitalised pension accrual during the period. Due to high CPI in 2023/24, the value was negative and shown as zero in the table in line with reporting regulations. The pension valuation has returned to a positive value in 2024/25.

Variable pay was slightly higher in 2024/25 on account of higher annual incentive outcomes following strong financial and operational performance. The longer-term PSP award was slightly lower despite 2024/25 being the first year of vesting following an increase to the maximum opportunity. This is because performance was assessed at a slightly lower level than the previous year, and also because the award did not benefit from any share price appreciation.

As his home base is in the Republic of Ireland, Barry's pay is determined in sterling and converted into euros for payment. The table shows his remuneration in sterling and, where applicable, an exchange rate of £1 to €1.1589 has been used. This was the 12-month average exchange rate to 31 March 2024.

									AUDITED
		Fixed pay				Variable pay			
£000s		Base salary	Benefits	Pension	Total fixed pay	AIP	PSP	Total variable pay	Total
Alistair Phillips-Davies	2024/25	1,044	11	154	1,209	1,269	1,414	2,683	3,892
	2023/24	999	20	0	1,019	1,034	1,509	2,543	3,562
Martin Pibworth	2024/25	750	19	113	882	790	877	1,667	2,549
	2023/24	688	19	103	810	617	910	1,527	2,337
Barry O'Regan	2024/25	650	20	78	748	684	–	684	1,432
	2023/24	203	7	24	234	179	–	179	413
Total	2024/25	2,444	50	345	2,839	2,743	2,291	5,034	7,873
	2023/24	1,890	46	127	2,063	1,830	2,419	4,249	6,312

The following sections give more detail on each element of pay including any underlying assumptions, calculations and explanations of the figures.

## Base salary

In setting base salaries, the Remuneration Committee takes into account a range of internal and external factors including:

- performance;
- progress against the NZAP Plus;
- Total Shareholder Returns over the year;
- wider workforce pay;
- the increasingly competitive market for talent; and
- salaries at other UK-listed companies of a similar size and complexity, and other energy businesses.

From 1 April 2024, Alistair's salary was increased by 4.5%, less than the pay budget for the wider workforce which was typically 6% to 6.5%. Martin Pibworth's salary was increased by 9%: a normal salary increase of 4.5% plus an additional 4.5% to account for his expanded role after Gregor Alexander retired as Finance Director.

It's proposed that base salaries for Alistair and Martin are increased by 3% from 1 April 2025. This is lower than the base salary increases for the wider workforce. Half of the employee group covered by trade union agreements is expected to receive an increase of around 6.2% from 1 April 2025. This includes a pay award of CPIH (expected to be around 3.9%) plus 1%, and an additional 1.3% related to pay progression. The pay budget for the rest of employees was 3%, with awards typically ranging from between 1.5% and 5% depending on performance.

Martin's base salary will increase to £970,000 when he becomes Chief Executive on 17 July 2025, and to £1,050,000 from 1 April 2026, subject to satisfactory performance in the role.

Ahead of his appointment to the Board as CFO on 1 December 2023, it was agreed that Barry O'Regan's salary would start at £600,000 and increase to £650,000 from 1 April 2024, then to £700,000 from 1 April 2025, subject to review (as disclosed in previous annual reports). Barry's base salary position will be reviewed in September following the Board changes.

£000s	AUDITED			IMPLEMENTATION	
	2023/24	% increase	2024/25	% increase	2025/26
Alistair Phillips-Davies	999	4.5%	<b>1,044</b>	3.0%	1,075
Martin Pibworth	688	9.0%	<b>750</b>	3.0%	773
					(from 1 April 2025) 970
					(from 17 July 2025)
Barry O'Regan					700
					(subject to further review in September 2025)
	203	8.3%	<b>650</b>	7.7%	

## Benefits

Appropriate benefits are provided to Executive Directors, taking into account market practice at similar sized companies and the level of benefits given to the wider workforce. Core benefits include car allowance or company car, private medical insurance and health screening. They can also participate in SSE's all-employee share schemes on the same terms as other employees.

The values shown in the table below represent the cost to SSE of providing benefits to Executive Directors in line with the choice available to the wider employee population. Part way through 2023/24, Alistair opted to participate in SSE's company car scheme, which has a lower value than the car allowance he previously received. This reduced his overall benefits value for the year.

No changes are proposed to benefits in 2025/26.

£000s	AUDITED		IMPLEMENTATION
	2023/24	2024/25	
Alistair Phillips-Davies	20	<b>11</b>	In line with 2024/25
Martin Pibworth	19	<b>19</b>	In line with 2024/25
Barry O'Regan	7	<b>20</b>	In line with 2024/25

## Pension

SSE's pension arrangements for all employees depend on when they joined. This is also true for Executive Directors, whose arrangements align to other employees with similar levels of service.

Alistair is a member of the Southern Electric Pension Scheme, and his plan membership predates his Board appointment. He participates in the same defined benefit pension arrangements that were available to all employees recruited at that time when he joined in 1997. The scheme closed in 1999 and the service costs are 32.5% of salary. This is a funded final salary pension scheme and the terms of the scheme apply equally to all members. His service contract provides for a possible maximum pension of two-thirds of final salary from the age of 60. An approved pension is payable from the scheme, with the balance of the pension entitlement met directly by SSE through an Unapproved Unfunded Retirement Benefits scheme (UURBS).

Alistair has the following pension provisions relating to leaving SSE:

- For retirement through ill-health, an unreduced pension based on service to expected retirement is paid.
- If there's a reorganisation or redundancy, an unreduced accrued pension is paid to members who are 50 or older with at least five years' service or, for members who have not yet reached that age, it will be payable from 50 years old.
- From the age of 55, a member is entitled to leave SSE and receive a pension, reduced for early payment, unless SSE gives consent and funds this pension on an unreduced basis.

The pension value shown in the single total figure of remuneration table for Alistair represents the increase in capital value of pension accrued over one year times a multiple of 20 (net of CPI and Directors' contributions) in line with statutory reporting requirements. The value of the defined benefit pension is based on the capitalised pension accrual (net of CPI inflation) during the period, less the direct employee contribution of £153,600. The outcome of this calculation was zero in the prior year due to high rates of CPI working through the required calculations.

The actual pension accrued by Alistair during the year is shown here:

£000s	2023/24	2024/25
Alistair Phillips-Davies	597	<b>646</b>

Martin, who joined SSE in 1998, receives a cash allowance in lieu of pension contributions at 15% of base salary. This is in line with the employer's contribution for the majority of SSE's employees, taking into account length of service. This follows a phased reduction from 30% of base salary, which was his pension allowance on becoming an Executive Director in 2017. His pension allowance will reduce further to 12% of base salary on his appointment to Chief Executive.

## Annual Report on Remuneration continued

Barry participates in the SSE Ireland Pension Scheme, a defined contribution arrangement. SSE makes employer's contributions equivalent to 12% of base salary, aligned to the policy for new appointments and the potential pension contribution available to employees.

£000s	AUDITED		IMPLEMENTATION
	2023/24	2024/25	2025/26
Alistair Phillips-Davies	0	154	No change
Martin Pibworth	103	113	15% (reducing to 12% on Chief Executive appointment)
Barry O'Regan	24	78	No change

### Annual Incentive Plan

The Annual Incentive Plan (AIP) requires broad performance across a range of financial and strategic metrics set at the beginning of the financial year. For 2024/25, performance was assessed at 81% of the maximum opportunity for Executive Directors. A detailed performance scorecard is shown on the following pages.

The total award is made up of a 67% cash award with 33% deferred as shares for a period of three years.

£000s	AUDITED AIP award for 2024/25			
	Maximum opportunity as % of base salary	AIP cash	AIP deferred as shares	AIP total
Alistair Phillips-Davies	150%	1,269	—	1,269
Martin Pibworth	130%	529	261	790
Barry O'Regan	130%	459	226	684

### AIP performance scorecard

Performance measures and a summary assessment are shown in the table below. The outturns have been arrived at by applying formulaic assessment (where possible), judgement, and relativity to past performance. There are more details of the performance of each measure beneath the scorecard.

As part of their performance assessment, the Remuneration Committee has also considered SSE's performance in the round and against our pay principles. It is satisfied that the outcomes noted below are appropriate and reflect performance in the year and agreed that no discretion should be applied to the overall outturn.

	Measure	Weighting	Threshold	Performance	Maximum	Outcome	Outturn (% of total AIP)
Financial (50%)	Adjusted Earnings Per Share (EPS) Underlying measure of financial performance and a strategic KPI	30%	146p (25% outturn)		170p (100% outturn)	159.0p	22%
			73%				
	Cashflow Ratio of net debt to EBITDA	20%	4.2x (25% outturn)		3.6x (100% outturn)	3.2x	20%
			100%				
Strategic (50%)	Personal Assessment against a range of personal objectives set at the beginning of the year	10%	Rating 1 (zero outturn)		Rating 5 (100% outturn)	Rating 4	7%
			70%				
	Operational Operational goals relating to safety, capital delivery and operational performance	30%	Rating 1 (zero outturn)		Rating 5 (100% outturn)	Rating 4	22%
			73%				
	Sustainability Sustainability performance independently assessed relative to peer groups	10%	Median ranking (20% outturn)		Upper quintile ranking (100% outturn)	Average 89th percentile	10%
			100%				
Total							81%

### Adjusted Earnings Per Share (30%)

The adjusted Earnings Per Share of 159.0p used in the AIP assessment is the value before the 1.9p exclusion described on [page 22](#) relating to "Employee Benefits" charges. This resulted in a 73% outturn.

### Cash flow (20%)

The cash flow metric for 2024/25 has performed well with net debt 3.2 times EBITDA resulting in a 100% outturn for this measure based on a formulaic assessment.

### Personal (10%)

Executive Directors have detailed personal objectives which are set and agreed by the Committee at the start of the year, then assessed at year-end based on judgement, and relativity to past performance. As a majority of objectives set were at or above target, the Executive Directors were rated four on a one-to-five rating scale. This resulted in a 70% outturn for this measure.

Summary of objectives set	Summary of performance assessment	
A range of objectives are set specific to each objective, they include:		
<ul style="list-style-type: none"> <li>– Safety</li> <li>– Strategy</li> <li>– Financial</li> <li>– Operations</li> <li>– Stakeholder management</li> <li>– Team and personal development</li> <li>– Inclusion and diversity</li> </ul>	<ul style="list-style-type: none"> <li>– Overall strong performance in a challenging environment</li> <li>– Safety performance has been good with all businesses improving, and no life changing injuries</li> <li>– Around £3bn invested in critical national infrastructure during the year as part of the NZAP Plus</li> <li>– Effectively pivoted capital around renewables, networks and flexibility assets reflecting changes to market opportunities</li> <li>– Adjusted EPS delivered above budget</li> <li>– Key project delivery milestones achieved in relation to: Viking, Yellow River and Chaintrix onshore windfarms; Shetland HVDC link; and the new Slough Multifuel plant</li> </ul>	<ul style="list-style-type: none"> <li>– Committed to being a critical partner in the clean energy transition through engagement with various stakeholders including Ofgem, NESO, and UK and Irish governments, and through attendance at COP29</li> <li>– Succession plans in place ahead of the Board changes in July 2025</li> <li>– An efficiency review has been established to set SSE up for the next phase of growth</li> <li>– Representation across SSE's workforce increased in key diversity metrics during 2024/25, and all cohorts of senior leadership (except GEC) saw increases in the proportion of women represented</li> </ul>

### Operational (30%)

At the beginning of the year, the Committee reviewed and set operational measures. These fall under one of three distinct areas worth 10% each: safety, capital delivery, and operational performance. Quantitative targets set at the beginning of the year are assessed formulaically and adjusted to take into account broader performance in each of these areas. In 2024/25, a substantial majority of goals were assessed at being at or above target, and this resulted in a 73% outturn.

Measure	Factor	Summary performance	Weighting	Performance outcome	Outturn
<b>Safety</b>	Overall employee and contractor safety performance including TRIR (Total Recordable Injury Rate)	<ul style="list-style-type: none"> <li>– Fewer reportable injuries, high potential injuries and RTCs (road traffic collisions)</li> <li>– Improved TRIR performance for contract partners</li> <li>– Slightly reduced TRIR performance for SSE colleagues</li> <li>– Immersive safety training delivered to over 8,000 SSE colleagues and won a Utility Week award</li> <li>– Awarded Investors in People: We invest in Wellbeing Platinum Accreditation</li> <li>– For more information see <a href="#">page 122</a></li> </ul>	10%	80%	8%
<b>Capital delivery</b>	Large capital project (LCP) performance, SSEN Distribution capex, SSEN Transmission RAV, SSE Renewables pipeline	<ul style="list-style-type: none"> <li>– First power from Dogger Bank offshore wind farm</li> <li>– Significant progress in delivery of SSEN Transmission's Pathway to 2030 programme</li> <li>– More than £7bn transmission network infrastructure asset base</li> <li>– Significant increase in SSEN Distribution capex</li> <li>– SSE Renewables secured 1GW share in IJmuiden Ver Alpha offshore wind farm in the Netherlands, 200MW solar in Poland, 800MW for Fearn pumped storage in Scotland</li> <li>– For more information see <a href="#">page 30 onwards</a></li> </ul>	10%	56%	6%
<b>Operational performance</b>	SSEN Distribution incentive performance, SSEN Transmission network reliability, SSE Renewables availability and production, SSE Thermal availability and reliability	<ul style="list-style-type: none"> <li>– SSEN Distribution incentive performance impacted through weather and planned IIS (Interruptions Incentive Scheme) impacts</li> <li>– Mixed performance through the Energy Not Supplied (ENS) incentive</li> <li>– SSEN Transmission's overall network reliability measured by NESO was 99.99%</li> <li>– SSE Renewables asset availability and production performance exceeded targets on a weather adjusted basis</li> <li>– Strong underlying performance across SSE Thermal despite extended outages at Great Island and Keadby 2</li> <li>– For more information see <a href="#">page 30 onwards</a></li> </ul>	10%	78%	8%
Total			30%	73%	22%

### Sustainability (10%)

Since 2022, SSE has linked AIP to sustainability by assessing performance against external sustainability indices which rank SSE against a peer group based on a number of ESG metrics. High thresholds were set, with a maximum outturn only available for an average upper quintile performance. SSE's average performance is in the 89th percentile resulting in a 100% outturn, which is aligned with the previous year's performance.

Measure	Factors considered in ESG assessment	Assessment	Weighting	Performance outcome	Outturn
<b>Sustainalytics ESG risk rating</b> Electric Utilities sub-industry – global peer group consisting of c.270 companies	Carbon – own operations; emissions, effluents and waste; resource use; land use and biodiversity; business ethics; corporate governance; product governance; community relations; human capital; occupational health and safety.	Score: 21.8; 88th percentile; Upper quintile (February 2025)			
<b>S&amp;P Global CSA</b> Electric Utilities peer group – global peer group consisting of c.270 companies	26 different categories which cover all the above plus issues such as policy influence, information and cyber security, talent attraction and retention, stakeholder engagement, and climate strategy.	Score: 71/100; 89th percentile; Upper quintile (February 2025)			
Average ranking: 89th percentile		Upper quintile	10%	100%	10%

IMPLEMENTATION

### AIP – performance measures for 2025/26

Martin's AIP opportunity will increase from 130% to 175% of base salary when he becomes Chief Executive on 17 July 2025, and to 200% of base salary from 1 April 2026, subject to approval. Barry's AIP opportunity will increase from 130% to 155% of base salary from 17 July 2025, and to 180% of base salary from 1 April 2026, subject to approval.

AIP measures in 2025/26 will be largely unchanged. Adjusted Earnings Per Share and cash flow remain key measures for the AIP. Targets, aligned with the NZAP Plus, are set each year and take into account wider market factors. Due to commercial sensitivities, detailed targets are not shared at this stage. They will be disclosed retrospectively in as much detail as possible in next year's report.

Measure	Weighting
<b>Financial (50%)</b>	
<b>Adjusted Earnings Per Share (EPS)</b> Underlying measure of financial performance and a strategic KPI	30%
<b>Cash flow</b> Ratio of net debt to EBITDA	20%
<b>Strategic (50%)</b>	
<b>Personal</b> Assessment against a range of personal objectives set at the beginning of the year	10%
<b>Operational</b> Operational goals relating to safety, capital delivery and operational performance	30%
<b>Sustainability</b> Sustainability performance independently assessed relative to peer groups	10%

Examples of the operational measures that will be considered are as follows:

- Safety: employee and contractor safety performance
- Capital delivery: LCP performance, SSEN Distribution capex, SSEN Transmission RAV, SSE Renewables cost efficiency
- Operational performance: SSEN Distribution incentives, SSEN Transmission network reliability, SSE Renewables availability and production, SSE Thermal availability and reliability

### Performance Share Plan

The PSP is a long-term incentive plan where a grant of shares is made to Executive Directors before vesting to them three years later. This is subject to performance conditions designed to encourage sustainable value creation, effective stewardship and good long-term decision making. Under the 2022 PSP, which matures in 2025, a range of value creation, financial and strategic performance metrics are assessed. This will be the first year of assessing against the new performance measures implemented as part of the 2022 Directors' Remuneration Policy review.

Performance has been assessed at 59% of the maximum opportunity. Shares awarded are subject to an additional two-year post-vesting holding period.

The estimated value of the award is based on the average share price in the three months up to 31 March 2025 at £15.46. Nothing was attributable to share price appreciation over the period. As the award will not vest until after this report is published, the actual value on vesting will be confirmed in next year's report. The table below provides details of the award.



**2022 PSP award vesting**

	Maximum opportunity as % of base salary	Share awards available	Additional awards in respect of accrued dividends	Total number of shares vesting	Estimated value of awards vesting £000s	Share price appreciation £000s
Alistair Phillips-Davies	250%	135,407	19,644	91,480	1,414	–
Martin Pibworth	225%	83,928	12,174	56,700	877	–
Barry O'Regan	–	–	–	–	–	–

Barry received his first grant under the PSP in 2024, which will vest in 2027. In the interim, he will continue to receive share awards which were granted before he joined the Board under the below-Board long-term incentive plan, the Leadership Share Plan (LSP). As this award does not relate to his Board service, it's not included in the total single figure of remuneration table. The value of the award vesting under the LSP in 2025 will be £193,853.

**PSP performance scorecard**

The PSP measures and performance summary are in the table below. The value creation and financial outturns are assessed formulaically. The strategic and sustainability metrics have been assessed using a framework which scores each area between one (below threshold) and five (all goals at or above target). The Remuneration Committee has reviewed the outturns taking into account the wider environment and believe that they are fair in the context of broader performance over the three-year period. As such, no discretion has been applied to the outcome.

	Measure	Weighting	Threshold	Performance	Maximum	Outcome	Outturn (% of total award)
<b>Value creation (50%)</b>	<b>Total Shareholder Return (FTSE 100)</b> Relative share price performance against FTSE 100	20%	Median ranking (20% outturn)		Upper quintile ranking (100% outturn)	Rank 47 of 94	4%
			21%				
	<b>Total Shareholder Return (Utilities)</b> Relative share price performance against the MSCI European utilities index	30%	Median ranking (20% outturn)		Upper quintile ranking (100% outturn)	Rank 10 of 24	14%
			48%				
<b>Financial (20%)</b>	<b>Adjusted Earnings Per Share growth</b> Compound annual growth rate (CAGR) over the three-year performance period	20%	4% CAGR (20% outturn)		11% CAGR (100% outturn)	19% CAGR	20%
					100%		
<b>Strategic (30%)</b>	<b>Strategy</b> Performance against the NZAP Plus	15%	Rating 2 (20% outturn)		Rating 5 (100% outturn)	Rating 3/4	10%
				67%			
	<b>Sustainability</b> Performance against SSE's 2030 goals	15%	Rating 2 (20% outturn)		Rating 5 (100% outturn)	Rating 4	11%
				70%			
Total							59%

**Total Shareholder Return – FTSE 100 (20%)**

TSR performance relative to the FTSE 100 peer group was just above median leading to an outturn of 21%.

**Total Shareholder Return – MSCI European utilities (30%)**

TSR performance relative to the European utilities peer group was between median and upper quartile leading to an outturn of 48%.

**Adjusted EPS growth (20%)**

Adjusted EPS at the end of the performance period was 159.0p (the value before the 1.9p exclusion described on [page 22](#) relating to "Employee Benefits" charges) against a baseline of 95.4p, representing a compound annual growth rate (CAGR) of 19%. This exceeded the maximum performance target and resulted in an outturn of 100%.

## Annual Report on Remuneration continued

### Strategy (15%)

The strategy measure assesses performance against the main areas of implementation to the NZAP Plus against a five-point rating scale where one is 'below threshold' and five is 'all goals at or above target'. The Committee assessed performance as shown in the table, resulting in an outturn of 67%.

Measure	Factor	Summary performance	Weighting	Performance outcome	Outturn
<b>Renewables</b>	>10GW pipeline of net installed capacity potential by FY26. 2GW to be built by FY26.	<ul style="list-style-type: none"> <li>Challenging market conditions has meant focus on value over volume</li> <li>Current FY27 projection of around 7GW</li> <li>Total secured pipeline is currently around 17GW</li> </ul>	6%	Rating 2 30%	1.8%
<b>Networks growth</b>	SSEN Transmission and Distribution to exceed NZAP RAV growth targets of £6bn for SSEN Transmission and £5.5bn for Distribution.	<ul style="list-style-type: none"> <li>Targets comfortably met and exceeded</li> <li>Projected RAV in SSEN Transmission is greater than £12bn by FY27</li> <li>Projected RAV in SSEN Distribution is around £7bn by FY27</li> </ul>	7.5%	Rating 5 100%	7.5%
<b>Energy businesses</b>	Low carbon thermal installed capacity to meet 0.9GW by FY26. Distributed Energy (DE) installed capacity to reach 0.6GW by FY26.	<ul style="list-style-type: none"> <li>Government policy progress slower than expected</li> <li>DE is expected to be 0.23GW</li> <li>Taken a final investment decision on 300MW Tarbert Next Generation power station in Ireland, with planned completion by the end of 2027</li> </ul>	0.75%	Rating 2 20%	0.2%
<b>Customer</b>	On course to be a leading PPA player in the market by 2026.	<ul style="list-style-type: none"> <li>Onshore wind Corporate Power Purchase Agreements (CPPA) executed in four regions in Ireland, France, Italy and Spain</li> <li>Further offshore framework agreed in the Netherlands</li> </ul>	0.75%	Rating 4 70%	0.5%
Total			15%	67%	10%

### Sustainability (15%)

The sustainability measure assesses performance against the 2030 goals, which are aligned to the UN's Sustainable Development Goals (SDGs), against a five-point rating scale where one is 'below threshold' and five is 'all goals at or above target'. The Committee assessed performance as shown in the table, resulting in an outturn of 70%.

Measure	Factor	Summary performance	Weighting	Performance outcome	Outturn
<b>SDG 13 Climate action</b>	Reduce scope 1 carbon intensity by 80% by 2030, compared to 2017/18 levels, to 61gCO <sub>2</sub> e/kWh.	<ul style="list-style-type: none"> <li>Scope 1 carbon intensity decreased by c.14% overall between FY23 and FY25, from 254gCO<sub>2</sub>e/kWh to 218gCO<sub>2</sub>e/kWh</li> <li>During the period, SSE achieved its lowest scope 1 intensity on record in FY24, at 205gCO<sub>2</sub>e/kWh, however the increase in FY25 resulted due to increased thermal generation output and the impact of constrained wind</li> </ul>	3.75%	Rating 4 70%	2.6%
<b>SDG 7 Affordable and clean energy</b>	Build a renewable energy portfolio that generates at least 50TWh of renewable electricity a year by 2030.	<ul style="list-style-type: none"> <li>SSE Renewable's output increased from 10.2TWh in FY23 to 13.3TWh in FY25</li> <li>Key project milestones reached with Viking and Seagreen entering into operation, and first power at Dogger Bank</li> </ul>	3.75%	Rating 3 40%	1.5%
<b>SDG 9 Industry, innovation and infrastructure</b>	Enable at least 20GW of renewable generation and facilitate around 2 million EVs and 1 million heat pumps on SSEN's electricity networks by 2030.	<ul style="list-style-type: none"> <li>Total renewable generation capacity connected within SSEN Transmission's network area increased c.40%, from 7.8GW to 10.9GW over the performance period</li> <li>SSEN Distribution facilitated increased demand for low-carbon technologies connected to its network with the number of electric or hybrid vehicles registered in its licence areas increasing from 130,000 to c.336,000</li> </ul>	3.75%	Rating 4 70%	2.6%
<b>SDG 8 Decent work and economic growth</b>	Be a global leader for the just transition to net zero, with a guarantee of fair work and commitment to paying fair tax and sharing economic value.	<ul style="list-style-type: none"> <li>Continuation of commitment to fair work and fair tax principles, celebrating a decade of both Living Wage and Fair Tax Mark accreditations</li> <li>Maintained top position in the just transition element of the WBA Climate and Energy benchmark</li> <li>Published an action plan for delivering a just transition for SSEN Distribution energy consumers, reviewed SSE's Just Transition Strategy and developed 10 KPIs to measure progress</li> </ul>	3.75%	Rating 5 100%	3.8%
Total			15%	70%	11%

### PSP – performance measures for the 2025 to 2028 award

Subject to approval of the new Policy, Martin's PSP opportunity will increase from 225% to 275% of base salary for the 2025 grant, and to 300% of base salary for the 2026 grant. Barry's PSP opportunity will increase from 225% to 250% of base salary for the 2025 grant, and to 275% for the 2026 grant.

There are no changes proposed to the measures: the award granted in 2025 will use the same measures as the previous three years, as shown below.

Measure	Description	Weighting	Threshold	Maximum
<b>TSR FTSE 100</b>	Relative share price performance against FTSE 100	20%	50th percentile (20% outturn)	80th percentile (100% outturn)
<b>TSR MSCI</b>	Relative share price performance against the MSCI European utilities index	30%	50th percentile (20% outturn)	80th percentile (100% outturn)
<b>Adjusted Earnings Per Share</b>	Growth targets in line with SSE's plan over three years linked to the NZAP Plus	20%	165p +CPI (20% outturn)	200p +CPI (100% outturn)
<b>Strategic</b>	Performance in the main areas of the implementation of the NZAP Plus	15%	Rating 2 (20% outturn)	Rating 5 (100% outturn)
<b>Sustainability</b>	Performance linked to UN Sustainable Development Goals	15%	Rating 2 (20% outturn)	Rating 5 (100% outturn)

The target range for adjusted EPS will be 165p to 200p consistent with the range for the 2024 to 2027 award although, to reflect that this will be measured a year later, these figures will be increased by CPI over the period April 2027 to March 2028.

The changing macro-environment, delays to policy and planning and uncertainty over market reform have led to a revision of SSE's NZAP Plus. The 2030 goals are closely linked to NZAP Plus and are subject to ongoing review to ensure they continue to support SSE's strategy. Against this backdrop, an efficiency review has taken place recently with a focus on increasing competitiveness and rebalancing the Group for future growth. The Board's annual strategy review day will take place shortly after this report is published, taking these things into consideration.

The Committee has decided it would be prudent to delay setting detailed targets in relation to strategy and sustainability for the three-year performance period of the 2025 PSP grant until after this strategy session has taken place. Targets will be agreed by the Committee shortly and will be published retrospectively in next year's Directors' Remuneration Report. Further information on how SSE is 'responding to the world around us' can be found on [page 5](#).

The strategy and sustainability measures under the PSP, and the personal measures under AIP, will be assessed against a five-point rating scale on the same basis as the awards under assessment this year. The ratings definitions and outturns are shown below. The Remuneration Committee may decide to award an outturn between levels if warranted.

Score	Performance assessment	Illustrative outturn as % of maximum
1	Below threshold	zero
2	Threshold performance	20%
3	Majority of goals at or above target	40%
4	Substantial majority of goals at or above target	70%
5	All goals at or above target	100%

### Deferred bonus and PSP awards granted in 2024

The table below shows the deferred bonus and PSP awards granted to Executive Directors in 2024. Dividends will accrue during deferral, performance and holding periods.

Type of award	Date of grant	Director	Shares granted	Market value on date of award	Face value (£000s)
Deferred bonus	30 May 2024	Alistair Phillips-Davies	19,716	£17.16	338
		Martin Pibworth	11,768	£17.16	202
		Barry O'Regan	3,418	£17.16	59
		Sub total			599
PSP	30 May 2024	Alistair Phillips-Davies	150,807	£17.16	2,588
		Martin Pibworth	97,499	£17.16	1,673
		Barry O'Regan	84,489	£17.16	1,450
		Sub total			5,711
Total					6,310

The performance measures for the 2024 PSP award are Total Shareholder Return relative to the FTSE 100 (20%) and European utilities (30%), adjusted Earnings Per Share growth (20%), strategy (15%) and sustainability (15%). These measures are set out in detail on [page 170 of SSE's 2024 Annual Report](#). The face value of the 2024 PSP awards was 250% of salary for Alistair, and 225% of salary for Martin and Barry. Threshold performance results in 20% of the award vesting.

## Share ownership policy

The table below shows the shareholding and share interests of the Executive Directors at 31 March 2025. Alistair is required to maintain a shareholding equivalent to 250% of base salary, and other Executive Directors are required to maintain a shareholding equivalent to 225% of base salary. The shareholding requirement aligns with the face value of annual awards of shares under the performance share plan. Alistair and Martin have both exceeded the shareholding requirement, and Barry is building up a shareholding following his appointment to the Board in 2023.

AUDITED

			Number of shares			Number of options		
			Interests in shares, awarded without performance conditions at 31 March 2025 (DBS Awards)	Interests in shares, awarded subject to performance conditions at 31 March 2025 (PSP Awards)	Interests in shares, awarded subject to performance conditions at 31 March 2025 (LSP Awards)	Interests in share options, awarded without performance conditions at 31 March 2025	Interests in share options, awarded subject to performance conditions at 31 March 2025	Shares owned outright at 31 March 2024*
	Shareholding as a % of salary	Shares owned outright at 31 March 2025*						
Alistair Phillips-Davies	750%	491,164	63,630	420,662	–	–	–	431,416
Martin Pibworth	427%	200,936	37,823	264,761	–	1,326	–	166,083
Barry O'Regan	121%	49,244	12,540	84,489	32,540	1,068	–	40,294

\* including holdings of any connected persons

## Chair and non-Executive Directors' fees

## Non-Executive Directors' fees – 2024/25

This table sets out what each non-Executive Director was paid for the financial year ending 31 March 2025 relative to the previous financial year.

Hixonia Nyasulu joined the Board on 1 January 2025 and will take up the role of Senior Independent Director when Helen Mahy steps down from the Board following the 2025 AGM in July.

AUDITED

£000s	2023/24	2024/25
Lady Elish Angiolini	96	102
John Bason	93	107
Tony Cocker	107	102
Debbie Crosbie	79	82
Peter Lynas	30	–
Helen Mahy	104	127
Sir John Manzoni	433	452
Hixonia Nyasulu	–	21
Melanie Smith	99	107
Dame Angela Strank	79	82
Maarten Wetselaar	46	82
Total	1,136	1,264

IMPLEMENTATION

## Non-Executive Directors' fees – 2025/26

Fees are typically reviewed each year in a way that is consistent with wider remuneration policy, and relative to other companies of a similar size and complexity. In 2024/25, the Chair's fee and base non-Executive Director fees were increased by 4.5%, in line with Executive Directors' salary increases. A review of independently sourced benchmark data suggested that fees for the various Committee Chair roles and the non-Executive Director for Employee Engagement had fallen behind the FTSE 20 – 50 peer group and as such, increases were recommended to reflect the time commitments associated with these roles.

Proposed fee levels for 2025/26 are shown below and represent a 3% increase on the previous year, in line with the proposed increases to Executive Directors' salaries.

£000s	2024/25	2025/26
Chair fee	452	<b>466</b>
Base fee	82	<b>85</b>
Senior Independent Director	25	<b>26</b>
Audit Committee Chair	25	<b>26</b>
Remuneration Committee Chair	25	<b>26</b>
Energy Markets Risk Committee Chair	20	<b>21</b>
Safety, Sustainability, Health and Environment Advisory Committee Chair	20	<b>21</b>
Non-Executive Director for Employee Engagement	20	<b>21</b>

AUDITED

### Non-Executive Directors' share interests

This table shows the share interests and shareholdings of the non-Executive Directors at 31 March 2025. They are each expected to build up a minimum holding of 2,000 SSE shares.

	Shareholding guideline	Shares owned outright at 31 March 2025*
Lady Elish Angiolini	Met	2,000
John Bason	Met	2,117
Tony Cocker	Met	5,000
Debbie Crosbie	Met	2,000
Helen Mahy	Met	3,310
Sir John Manzoni	Met	2,788
Hixonia Nyasulu	Met	2,000
Melanie Smith	Met	2,174
Dame Angela Strank	Met	2,152
Maarten Wetselaar	Met	4,000

\* including holdings of any connected persons



## Executive remuneration in context

Executive Directors' remuneration is considered in the wider context of workforce remuneration, shareholder returns and other financial dispersals. Below are some of the factors which the Remuneration Committee take into account when setting pay for Executive Directors.

### Workforce pay

Similar pay principles apply to all employees across SSE, and there are commonalities between executive pay and wider workforce pay. While the Remuneration Committee's responsibilities focus on pay arrangements for Executive Directors and the Group Executive Committee, it is fully briefed on pay arrangements for the wider workforce and takes this into account in decision making. This table shows how pay is aligned across employee groups.

	Executive Directors and Group Executive Committee (GEC)	Wider workforce
<b>Base salary</b>	Base salaries are reviewed each year, taking into account skills, experience and performance; salary levels at other UK-listed companies of a similar size and complexity; wider internal pay arrangements; and the overall policy objective of setting competitive, but not excessive, remuneration against benchmarks.	There are two main groups of employees. Around half are subject to collective bargaining through our recognised trade unions. Annual increases are based on the attainment of skills.  The remaining employees have salaries set with reference to market requirements. Annual increases are based on a performance pay matrix.
<b>Benefits</b>	Voluntary benefits are provided in line with the wider workforce, with the addition of contractual entitlements to car and private medical benefits.	Some employees receive contractual car and private medical benefits.  All employees have access to a comprehensive suite of voluntary benefits including private medical benefits, a salary sacrifice car scheme, holiday purchase, financial wellbeing benefits, and a range of family-friendly benefits.
<b>Pension</b>	Pensions arrangements are aligned with the wider workforce.	All employees are members of a defined contribution pension scheme or one of our legacy defined benefit pension schemes, unless they've opted out.  The arrangements are diverse, and employer costs typically range from 3% to 32.5% of salary when both defined contribution and defined benefit schemes are taken into account.
<b>Annual incentive</b>	AIP for Executive Directors is linked directly to performance and structured around performance measures that are 50% financial and 50% non-financial. The award is delivered as 67% cash and 33% deferred shares.  GEC members participate on the same basis as other eligible employees.	Around half of the wider employee population is eligible for AIP. Awards are linked to the performance of the Group, the employee's business or function, and the employee's individual performance rating. Employees in leadership roles may have a portion of their award deferred as shares.
<b>Long-term incentive</b>	Executive Directors participate in the PSP which is a share award over three years with performance linked to value creation, financial, strategic and sustainability measures.  GEC members participate in the Leadership Share Plan on the same basis as others in leadership roles.	Senior leaders are eligible for the Leadership Share Plan. This is a share award over three years, part focused on retention and the rest linked to both Group and business performance in relation to the NZAP Plus.  All employees may participate in a Share Incentive Plan (SIP) and SAYE.
<b>Share ownership policy</b>	Executive Directors are required to maintain a minimum shareholding of SSE shares linked to the level of annual award under the PSP (up to 300% of base salary).  GEC members are required to build up a shareholding of SSE shares equivalent to 100% of base salary.	All employees are encouraged to become SSE shareholders through participation in the SIP or SAYE.  Around 50% of employees participate in SAYE, and 67% of employees participate in SIP.

### Chief Executive pay ratio

SSE's remuneration policy is designed with fairness in mind – fairness to Executive Directors in recognition of their responsibilities, and fairness relative to the rest of the SSE team. SSE's Chief Executive-to-employee pay ratio has been disclosed in the Annual Report since 2016, before this reporting became mandatory in 2019.

The following table shows the pay ratio over time based on methodology C in line with the Companies (Miscellaneous Reporting) Regulations 2018. This uses Gender Pay Gap data as its basis, and includes other important components of pay at SSE, such as overtime and employer's contribution to pension. It excludes salary sacrifice arrangements. The 2024/25 pay ratio will be recalculated next year in line with the restating of the Chief Executive's total single figure of remuneration – based on the actual value of the PSP award on vesting.

Year	Calculation methodology	Ratio to employee pay at 25th percentile	Ratio to employee pay at median	Ratio to employee pay at 75th percentile
2024/25	C	97:1	69:1	52:1
2023/24	C	95:1	65:1	49:1
2022/23	C	136:1	100:1	73:1
2021/22	C	141:1	106:1	76:1
2020/21	C	95:1	73:1	52:1
2019/20	C	83:1	59:1	44:1
2018/19	C	57:1	42:1	30:1

This table sets out base salary and total pay and benefits for the Chief Executive and UK employees at the 25th, 50th and 75th percentile. The total pay figures have been used to determine the pay ratios in the previous table.

£000s	Chief Executive		UK employees					
	Base salary	Total pay	25th percentile		Median		75th percentile	
			Base salary	Total pay	Base salary	Total pay	Base salary	Total pay
2024/25	1,044	3,892	33	40	45	57	60	75
2023/24	999	3,562	31	38	42	54	57	73
2022/23	952	4,776	29	35	37	48	51	65
2021/22	924	4,655	28	33	36	44	49	61
2020/21	915	3,045	28	32	35	42	48	59
2019/20	890	2,418	–	29	–	41	–	55
2018/19	866	1,639	–	29	–	39	–	54

As a large proportion of the Chief Executive's pay is based on performance and the flow through to variable pay, the pay ratio can vary significantly from year to year. The Chief Executive's total pay has increased by 9% on account of an increase in base salary, an increase to the reportable value of the defined benefit pension, and an increase in annual incentive outturn. Employee pay typically has a high proportion of fixed pay with less reliance on variable pay. Total employee pay at median increased by 4% leading to a small change in the ratio from 65:1 to 69:1.

For more on employee pay, including the Gender Pay Gap, see [page 55](#) and the [Inclusion and Diversity Report](#).

### Change in remuneration of Directors and employees

The table below shows the percentage change in the annual remuneration of Directors and UK employees over the past five years, as required by the reporting regulations. These changes reflect the information provided in the single total figure of remuneration table on [page 140](#) and the non-Executive Directors' fees table on [page 149](#).

Director	2020/21 v 2019/20			2021/22 v 2020/21			2022/23 v 2021/22			2023/24 v 2022/23			2024/25 v 2023/24		
	Base salary/fee	Benefits	Bonus	Base salary/fee	Benefits	Bonus	Base salary/fee	Benefits	Bonus	Base salary/fee	Benefits	Bonus	Base salary/fee	Benefits	Bonus
<b>Non-Executive Directors</b>															
Lady Elish Angiolini	–	–	–	–	–	–	–	–	–	28%	–	–	7%	–	–
John Bason	–	–	–	–	–	–	–	–	–	48%	–	–	16%	–	–
Tony Cocker	13%	–	–	11%	–	–	3%	–	–	-1%	–	–	-5%	–	–
Debbie Crosbie	–	–	–	–	–	–	–	–	–	5%	–	–	4%	–	–
Helen Mahy	2%	–	–	1%	–	–	3%	–	–	16%	–	–	22%	–	–
Sir John Manzoni	–	–	–	–	–	–	3%	–	–	5%	–	–	4%	–	–
Melanie Smith	3%	–	–	1%	–	–	3%	–	–	32%	–	–	9%	–	–
Dame Angela Strank	–	–	–	–	–	–	3%	–	–	5%	–	–	4%	–	–
<b>Executive Directors</b>															
Alistair Phillips-Davies	3%	0	20%	1%	4%	21%	3%	3%	9%	5%	-27%	-18%	4%	-45%	23%
Martin Pibworth	11%	6%	30%	11%	0%	32%	3%	1%	11%	5%	5%	-18%	9%	-1%	28%
<b>All employees</b>	6%	8%	10%	6%	3%	51%	22%	16%	6%	25%	11%	36%	19%	13%	-11%

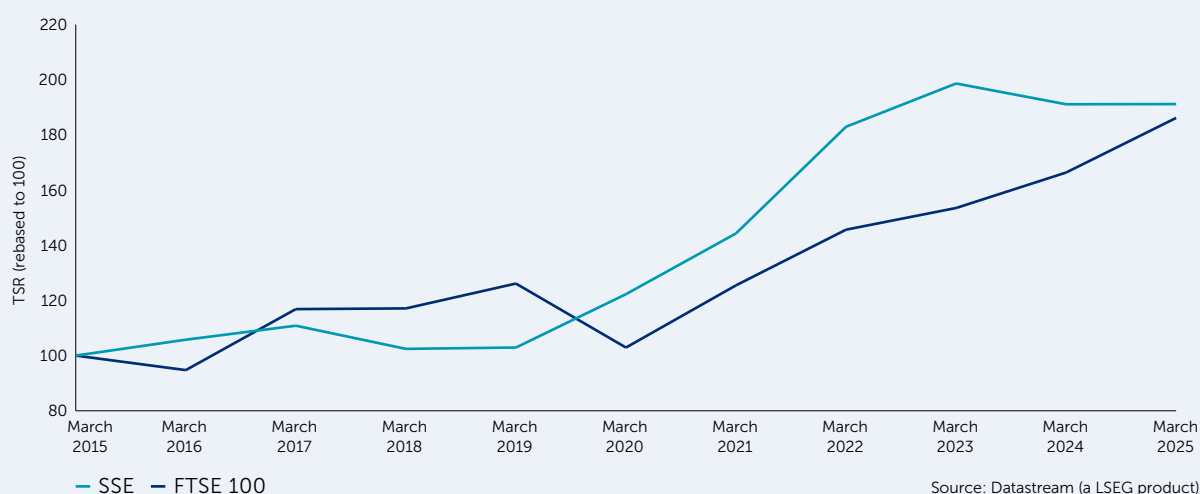
### Relative importance of the spend on pay

This table shows how the earnings of Executive Directors compare with SSE's other financial dispersals. For every £1 spent on Executive Directors' earnings by SSE in 2024/25, £75 was paid in tax, £131 was spent on employee costs and £372 was spent on capital and investment expenditure. In addition, £85 was made in dividend payments to shareholders.

	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
Executive Directors' earnings	5.3	3.6	5.1	6.8	10.4	10.4	8.2	7.9
Dividends to shareholders	926.1	973.0	948.5	836.4	862.3	955.8	956.4	671.0
Adjusted investment, capital and acquisition expenditure	1,503.0	1,422.9	1,371.9	912.0	2,067.8	2,803.3	2,476.7	2,936.1
Total UK taxes paid (profits, property, environment and employment taxes)	484.1	403.7	421.6	379.0	335.3	501.7	679.2	592.1
Staff costs	665.6	653.5	684.7	700.4	688.7	771.8	938.4	1,035.0

## Total Shareholder Return (TSR)

This graph shows SSE TSR performance over the past ten years relative to FTSE 100 performance. The FTSE 100 index has been chosen because SSE has been a constituent member throughout the period.



Here is the Chief Executive's annual remuneration over the same period.

Year	Single total figure of remuneration (£'000)	Annual variable element award (% of maximum)	Long-term incentive vesting (% of maximum)	Application of discretion
2024/25	3,892	81	59	
2023/24	3,562	69	62	
2022/23	4,776	88	76	Downward discretion applied to AIP
2021/22	4,655	83	66	
2020/21	3,045	69	28	Downward discretion applied to AIP
2019/20	2,418	59	27	
2018/19	1,639	0	26	Downward discretion applied to AIP
2017/18	2,693	78	30	
2016/17	2,917	72	46	Downward discretion applied to AIP
2015/16	1,696	54	0	

## Governance

### External appointments

Executive Directors are able to accept non-Executive appointments outside of SSE with the consent of the Board, as this can enhance their experience and value to SSE. Any fees received are kept by the Director.

The Chief Executive is a non-Executive Director of Anglian Water Services Limited, for which he receives an annual fee of £62,000. None of the other Executive Directors hold any paid external appointments.

### Payments for loss of office and payments to past Directors

There were no payments for loss of office during the year.

The former Finance Director, Gregor Alexander, will receive a pro-rated award in respect of the PSP award granted in 2022, in line with his 'good leaver' status (as reported in the 2024 Annual Report). The award has been calculated using the same performance conditions as current Executive Directors described on [page 144](#), and is £655,829.

### Advice to the Remuneration Committee

The Chief Executive, Director of HR, and Director of Reward and Pensions advised the Committee on certain remuneration matters for the Executive Directors and senior executives, although they were not present for any discussions related to their own remuneration.

The Director of HR and Director of Reward and Pensions advised on HR strategy and the application of HR policies across the wider organisation.

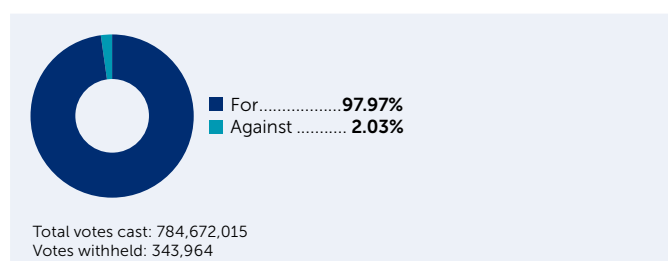
FIT Remuneration Consultants LLP (FIT) provided a range of information to the Committee, including market data drawn from published surveys, governance developments and their application to SSE, advice on remuneration disclosures and regulations, and comparator group pay. FIT received £113,701 in relation to their work for the Committee, calculated on a time and materials basis. FIT are founding members of, and adhere to, the Remuneration Consultants' Group Code of Conduct. This defines the roles of consultants, including the requirement to have due regard to the organisation's strategy, financial situation, pay philosophy, the Board's statutory duties, and the views of investors and other stakeholders. The Committee reviews performance annually to determine it is satisfied with the quality, relevance, objectivity and independence of the advice. FIT provides no other services and has no other connection to SSE or individual Directors.

Freshfields LLP also advised on legal matters, such as share plan rules, during the year.

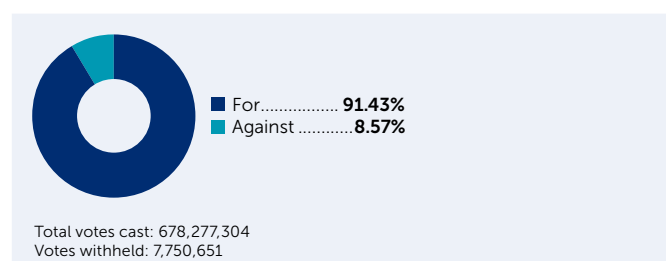
### Shareholder voting

On 18 July 2024, shareholders approved the Annual Remuneration Report for the year ended 31 March 2024. On 21 July 2022, shareholders approved the current Directors' Remuneration Policy.

#### Annual Report on Remuneration – shareholder voting in 2024



#### Directors' Remuneration Policy – shareholder voting in 2022



### Employee engagement

The Board actively seeks opportunities for two-way dialogue with SSE's employees. Engagement activity is diverse and includes face-to-face meetings, site visits, attendance at employee events and virtual meetings. During the year, the Remuneration Committee Chair met with a group of employee representatives to discuss the pay arrangements for SSE's executives and how they align to the wider employee population. For more on 'Hearing and responding to employees' see [page 99](#).

### Remuneration Committee

The Terms of Reference for the Committee were reviewed during 2024/25 and no changes were made – these are available on [sse.com](https://www.sse.com). A summary of the Committee's role is on the first page of the Directors' Remuneration Report.

The members of the Committee and the meetings attended are on [page 93](#). The focus of each of the meetings was as follows:

<b>May 2024</b>	Confirmed AIP and PSP performance outcomes Set AIP and PSP performance measures for the year ahead Reviewed below-Board pay arrangements
<b>November 2024</b>	Received a market and governance update following AGM season Reviewed how AIP and PSP measures were tracking against performance Discussed the Directors' Remuneration Policy review Reviewed Committee Terms of Reference
<b>March 2025</b>	Reviewed how AIP and PSP measures were tracking against performance Agreed salary and fee increases for Executive Directors and the Chair Reviewed Committee evaluation outcomes Received an update on the outcome of the shareholder consultation process on the Directors' Remuneration Policy

# Compliance with the UK Corporate Governance Code 2018

The Board assesses its approach to corporate governance on an ongoing basis against the FRC's UK Corporate Governance Code 2018 (the Code). A copy of the Code can be found at [www.frc.org.uk](http://www.frc.org.uk) . The Board welcomes the 2024 evolution of the Code and work is underway to ensure that SSE's governance arrangements continue to evolve in line with best practice.





The spirit of the Code and application of its Principles are upheld through the work of the Board and its Committees. The Board confirms compliance against all Code Provisions for the year ended 31 March 2025. This statement gives details of this compliance and where supporting disclosures can be found elsewhere in the Annual Report.

## 1. Board leadership and company purpose

### A. Board's role

The Board is responsible for leading SSE and promoting its long-term success, while also generating value for shareholders and wider stakeholders. The Board actively monitors internal and external developments, provides effective oversight and challenge, and makes informed decisions. This is enabled by the Board's composition, SSE's Governance Framework, the Board's annual workplan, and the Group-wide strategic stakeholder engagement programme.

See also:




- SSE's Governance Framework on [page 92](#) 
- Board composition on [pages 87 to 90](#) 
- Board work in 2024/25 on [pages 94 to 101](#) 
- SSE's stakeholders on [pages 102 to 104](#) 

### B. Purpose, culture and strategy

The Board actively considers SSE's purpose, vision and strategy to ensure a continued focus on developing clean energy infrastructure, energy security and affordability for consumers in the transition to net zero. Each year, the Board reviews and agrees SSE's strategy and monitors its delivery through a continuous programme of work, supported by a fully funded capex plan to 2027. SSE's business model shows how the Group's deliberate mix of businesses creates lasting value within its complex operating environment.


The Board sets SSE's culture and values to create a strong foundation supporting its purpose, vision, and strategy. At SSE, a healthy culture is defined as 'Doing the right thing'. The Board leads by example, ensuring the correct tone is instilled throughout the Group by promoting a fair workplace and ethical business practices. Regular updates on culture help the Board make sure SSE continues to embed a healthy culture, with employee engagement activities framing the Board's assessment of culture.

See also:

- SSE's purpose, vision, strategy, values and business model on [pages 2 to 7](#) 
- Board work on strategy on [pages 94 to 96](#) 
- Board focus on culture on [pages 98](#) 

### C. Resources and controls

A set of targets and 2030 business goals support the delivery of SSE's strategy and the NZAP Plus. The Board monitors progress against these to make sure agreed objectives are met. The Board sets key parameters, including SSE's financial and investment strategy (such as annual operating and capital expenditure budgets) and the delegated authorities set out in SSE's Governance Framework. These delegations support day-to-day operations and the implementation of strategy – and are overseen by the Group Executive Committee.

The Board has a Schedule of Reserved Matters and a wider Board Charter which governs its own operations and relevant Group-wide matters. The Schedule of Reserved Matters ensures that areas material to the delivery of SSE's purpose, vision and strategy are safeguarded by the Board. This can be read on [sse.com](http://sse.com) , along with other key SSE corporate governance documents.

The Board oversees delegated matters through verbal updates at Board meetings and sub-Committee minutes, standing reports such as the Chief Executive's Report and Finance Report, and written reports and dashboards covering a range of financial and non-financial key performance indicators.



The Board sets the approach to risk management and oversees the effectiveness of SSE's system of internal control with support from the Audit Committee.

### D. Stakeholder engagement

The Board agrees a framework of stakeholder engagement which confirms: SSE's key stakeholder groups, the purpose of meaningful stakeholder relations, and how stakeholder views should be considered at Business Unit and Group level.

Given the societal impact and scale of SSE's business operations, stakeholder engagement is necessary to make sure decisions reflect an appropriate awareness of stakeholder views and needs. SSE engages in a range of ways through its executive and business-led stakeholder network. The Board regularly engages directly with stakeholders and receives reports on below-Board activity. This means emerging stakeholder considerations can be promptly identified so that senior leaders and Business Units can take stakeholder opinions into account when making decisions and setting longer-term objectives.

See also:

- SSE's stakeholders on [pages 8 to 9](#) 
- Stakeholders and Section 172 Statement on [pages 102 to 104](#) 

### E. Workplace policies

SSE's processes and procedures help to embed a strong and consistent culture across the Group. The Board approves key pillars such as SSE's values, SSE's Group policies, and the employee guide called 'Doing the right thing; SSE's guide to good business ethics'. The policies and guide convert SSE's values into actionable behaviours and are reinforced by mandatory training for all employees.

The Board recognises the importance of making sure that everyone in SSE feels empowered to speak up in relation to wrongdoing. It reviews a report every six months to assess the ongoing effectiveness of SSE's whistleblowing arrangements. The report covers performance, case trends and employee confidence in speak-up mechanisms and protections.



## 2. Division of responsibilities

### F. Chair

The Chair is responsible for leading the Board and nurturing a culture of informed and transparent decision making. Clearly defined Board roles support this, and the Chair encourages constructive dialogue both during and outside of meetings. Private sessions are scheduled at each Board meeting to allow non-Executive Directors to speak directly with the Chair without Executive Directors present.

Sir John Manzoni, the current Chair, was considered independent on appointment. His performance in the role is assessed each year during the Board performance review.

For more, see Assessing Board performance on [pages 105 to 106](#).

### G. Board composition, independence and division of responsibilities

The Board is composed of the Chair, nine independent non-Executive Directors and three Executive Directors. Excluding the Chair, the nine non-Executive Directors (over half of the Directors) are considered independent. The Board's Charter outlines the clear division of responsibilities between the Chair and Chief Executive. It also sets out the responsibilities of the non-Executive Directors, including the roles of the Senior Independent Director and Non-Executive Director for Employee Engagement. The division of responsibilities across the Board can be seen on [sse.com](#).

Each Director must disclose any actual or potential conflict of interest situations, as defined by law, for consideration and approval by the Board if appropriate. This is supported by an authorisation process each year, overseen by the Nomination Committee, to inform the ongoing assessment of each non-Executive Director's independence.

See also:

- Board composition on [pages 87 to 90](#)
- Board independence and conflicts on [page 111](#)

### H. Non-Executive Directors' role and time commitment

The expected time commitment of the Chair and non-Executive Directors is included in every Letter of Appointment. The Letter of Appointment is issued after confirming each person's capacity to join the Board and involves assessing existing external commitments.

The Nomination Committee monitors the time commitments of Board members, and the annual Board performance review considers the performance and time commitment of each Director. Any changes, such as additional external appointments, require Board approval.

To make sure non-Executive Directors have the appropriate level of oversight and ability to challenge and review, the Board has unrestricted access to senior leadership, their teams and specialist functions. People from different levels across the organisation are invited to present at Board meetings and deep dive sessions throughout the year.

See also:

- Board external commitments on [pages 87 to 90](#)
- Assessing Board performance on [pages 105 to 106](#)
- Time commitment on [page 110](#)

### I. Company Secretary

The Group General Counsel and Company Secretary makes sure Board procedures are followed and helps the Chair, in consultation with the Chief Executive, develop meeting agendas in line with the agreed annual workplan. This workplan accounts for the status of projects, strategic workstreams and the overarching operating context. Meeting materials are shared using an electronic portal, allowing the timely and streamlined navigation of materials. The Company Secretary ensures that each agenda item is given enough time in meetings for effective and constructive discussions. Guidance on drafting papers and presenting to the Board is available to everyone who writes and presents Board materials.

The Board and any Director can ask for more information to support their individual duties or collective role as a Board. These requests can come from Board discussions, be raised as a development opportunity or be an area of general interest relating to SSE. Depending on the request, SSE may support the learning internally or externally.

For more, see Deep dives on [page 96](#).

## 3. Composition, succession and evaluation

### J. Appointments and succession planning

The Nomination Committee considers Board and Executive appointments and oversees SSE's succession planning to inform the composition of the Board. The Nomination Committee reviews the size, structure and composition of the Board and its Committees (including skills, knowledge, experience and diversity) and makes recommendations to the Board that promote the long-term success of SSE.

This Committee also reviews the talent pipeline and succession planning for senior executives. Guided by the Board's Policy, it considers the skills and attributes needed to create a diverse pipeline for Board and senior leadership roles, initiatives to develop internal capabilities, and the external market. The Board engages in core talent programmes and Directors meet with potential future leaders through both structured and informal activities.

The Board's Inclusion and Diversity Policy ensures recruitment is inclusive and promotes diversity and equal opportunity. Appointments to the Board follow a process, starting with a role specification and engaging external support if needed. The outcomes of Board succession planning and recruitment work are reported in the Annual Report each year.

For more on the Nomination Committee's work, see [pages 107 to 112](#).

### K. Skills, experience and knowledge

The Nomination Committee identifies the skills, knowledge and experience needed for effective leadership and the long-term success of SSE. It considers the balance of competencies through succession planning, knowledge development and recruitment. This work is supported by the Board's skills matrix and composition metrics to identify where a potential gap exists or where more work is needed in relation to the Board.

All non-Executive Directors serve a fixed term of three years and must be re-elected yearly by shareholders. In line with best practice, this fixed term can be renewed for up to nine years, unless the Board decides otherwise in exceptional circumstances. With the exception of Alistair Phillips-Davies and Helen Mahy, all Directors will seek to be re-elected at the 2025 Annual General Meeting, including Hixonia Nyasulu, who joined the Board on 1 January 2025.

See also:

- Board composition on [pages 87 to 90](#)
- Nomination Committee considerations on [pages 107 to 112](#)

### L. Board performance

Each year, the Board reviews its own performance by reflecting on the effectiveness of its activities, the strength of its decisions, and the individual and collective contributions made by each Board member. This yearly assessment allows the Board to scrutinise its own performance and constructively discuss areas identified where there was an opportunity to change, refine or improve. The Board performance review is facilitated externally at least every three years and was done by Heidrick & Struggles this year.

For more on assessing Board performance, see [pages 105 to 106](#).

#### 4. Audit, risk and internal control

##### M. Internal and external audit

The Audit Committee oversees the Internal Audit function and reviews its independence and overall effectiveness throughout the year. Internal Audit plays a crucial role in helping SSE achieve its objectives by providing independent and objective assurance on the effectiveness of the Group's risk management activities, internal controls and Corporate Governance Framework. The Audit Committee makes sure the Group's Internal Audit Plan is aligned to SSE's operating model, risk profile, control environment and assurance arrangements, and receives regular updates throughout the year.

The Audit Committee also oversees the relationship with EY, SSE's external auditor, to ensure independence, quality and challenge during the external audit process. And the Committee reviews the significant financial judgements to monitor the overall integrity of the financial and narrative statements.

For more on the Audit Committee's work, see [pages 113 to 119](#).

##### N. Fair, balanced and understandable assessment

On the recommendation of the Audit Committee, the Board reviews the Annual Report and Accounts to make sure that, taken as a whole, it is fair, balanced and understandable – and allows shareholders to assess the Group's overall performance, business model and strategy. This assessment is supported by an assurance framework which the Board and Audit Committee consider each year.

For more on the fair, balanced and understandable assessment, see [page 114](#).

##### O. Risk management

SSE's risk management framework is designed to manage, rather than eliminate, the risk of failing to achieve business objectives. As part of SSE's system of internal control, the framework can provide reasonable but not absolute assurance against material misstatement or loss.

Each year the Board conducts a robust assessment of the Principal Risks facing the Group which have the potential to threaten its business model, future performance, solvency or liquidity. Emerging risks are continuously considered in response to the operating environment and potential impacts on SSE.

For more, see the Group Principal Risks on [pages 64 to 69](#).

#### 5. Remuneration

##### P. Remuneration policies and practices

The Remuneration Committee oversees SSE's policy for executive remuneration and its ongoing appropriateness and relevance. It is the Remuneration Committee's responsibility to make sure remuneration stays in line with SSE's purpose and strategy, while encouraging long-term stewardship and rewarding individual contributions towards the success of SSE.

SSE's Directors' Remuneration Policy was approved with over 91% of shareholders' support at the AGM on 21 July 2022. As the policy applies for up to three years, shareholders will be asked to approve the policy, including proposed changes, again at the 2025 AGM. A copy of the proposed policy is on [pages 131 to 138](#). This includes details of how the policy addresses factors set out in the Code such as clarity, simplicity, risk, predictability, proportionality and alignment to culture.

For more on the work of the Remuneration Committee, see [pages 126 to 153](#).

##### Q. Developing executive remuneration policy

The Directors' Remuneration Policy is structured to ensure that SSE can attract world-class talent, especially as it is increasingly exposed to new markets and technologies. Stakeholder views, including from shareholders through dialogue with investors and from employees through Board engagement activities, are considered when setting pay policy and practice.

##### R. Remuneration outcomes and independent judgement

The Remuneration Committee sets stretching targets that reward outstanding performance and has used its discretion in recent years to reduce formulaic outcomes where considered necessary.

The Chief Executive, Director of HR and Head of Reward advise the Committee on remuneration for Executive Directors and senior executives on an ongoing basis. To maintain independence, no Director or senior executive join any discussions related to their own remuneration. External remuneration advisors also support the Committee and adhere to the Remuneration Consultants' Group Code of Conduct.

## Other statutory information

The Directors submit their Annual Report and Accounts for SSE plc, together with the consolidated Financial Statements of the SSE Group of companies, for the year ended 31 March 2025.

The Strategic Report is on [pages 1 to 83](#) and the Governance Report, which is SSE's Directors' Report, is on [pages 84 to 160](#). The Strategic Report and Governance Report make up the management report as required under Rule 4.1.8R of the Disclosure Guidance and Transparency Rules.

As permitted by section 414C (11) of Companies Act 2006, the below matters have been disclosed in the Strategic Report:

	Page reference
An indication of likely future developments in the business of the Company	<a href="#">pages 1 to 83</a>
Particulars of important events affecting the Company since the financial year end	<a href="#">page 159</a>
Greenhouse gas emissions	<a href="#">page 79</a>
Energy consumption	<a href="#">page 59</a>
Energy efficiency action	<a href="#">page 59</a>
Employee engagement and involvement	<a href="#">pages 99 to 100 and 103</a>
Engagement with suppliers, customers and others in a business relationship with the Company	<a href="#">pages 49 to 57 and 103 to 104</a>
A summary of the Principal Risks facing the Company	<a href="#">pages 60 to 69</a>

Information required to be disclosed is contained on the pages listed below.

	Page reference
Statement of interest capitalised by the Group during the financial year	<a href="#">page 193</a>
Details of any long-term incentive schemes	<a href="#">pages 133 to 139</a>

### Results and dividends

The Group's results and performance highlights for the year are on [pages 14 to 15 and 17 to 27](#). An interim dividend of 21.2 pence per Ordinary Share was paid on 27 February 2025. The Directors propose a final dividend of 43.0 pence per Ordinary Share. Subject to approval at the AGM 2025, the final dividend will be paid on 18 September 2025 to shareholders on the Register of Members at close of business on 25 July 2025.

### Board of Directors

#### Director appointment and retirement

The Company Directors who served during the financial year ending 31 March 2025 are included in the attendance table on [page 93](#). The biographies of the Directors on 20 May 2025 are on [pages 87 to 90](#). Details of Board changes are on [pages 108 and 110](#).

The Company's Articles of Association, the UK Corporate Governance Code, the Companies Act 2006 and other related legislation outline the rules governing the appointment and retirement of Directors.

#### Indemnification of Directors and insurance

The Directors have the benefit of an indemnity provision contained in the Company's Articles of Association. They have also been granted a qualifying third party indemnity provision, which was in force throughout the year and still is now. During the financial year, the Company bought and maintained Directors' and Officers' liability insurance for itself and for its Directors and Officers.

#### Political donations and expenditure

SSE operates on a politically neutral basis and does not make any donations to political parties, political organisations, or independent election candidates. During the year, there was no political expenditure and the Group made no political donations.

#### Accounting policies, financial instruments, and risk

Details of the Group's accounting policies, financial instruments and risk are outlined in [note 24](#) to the Financial Statements and notes [A6 to A8](#) of the Accompanying Information.

#### Research and development

SSE's involvement in innovative projects and programmes designed to transform the energy system is described in the Strategic Report on [pages 1 to 83](#).

#### Employing disabled people

SSE has a range of employment policies in place which clearly explain the standards, processes, expectations and responsibilities of its people and the organisation. These policies are designed to ensure that every person, including those with existing or new disabilities and from any background, is treated fairly and inclusively during recruitment and their career at SSE. This includes providing access to appropriate training, development opportunities and job progression. For more on our approach see [pages 53 to 56](#).

### Shares

#### Share capital

The Company has a single share class which is divided into Ordinary Shares of 50 pence each. The issued share capital as of 31 March 2025, together with details of any changes during the year, is set out in [note 22](#) to the Financial Statements. As of 31 March 2025, the issued share capital consisted of 1,111,159,424 Ordinary Shares. This figure includes 4,857,828 Ordinary Shares held in treasury (representing 0.44% of the issued share capital). The voting and dividend rights of Treasury Shares are automatically suspended.

The Company was authorised at the 2024 AGM to allot shares or grant rights over shares up to an aggregate nominal amount equal to £182,242,225 (representing 364,484,450 Ordinary Shares of 50 pence each excluding Treasury Shares). This represents one-third of its issued share capital. A renewal of this authority will be proposed at the 2025 AGM.

## Other statutory information continued

### Variation of rights

Subject to the applicable statutory provisions, if at any time the capital of the Company is divided into different classes of shares, the rights attached to any class of shares may be varied or abrogated. This can be done with the written consent of holders of three-quarters in nominal value of the issued shares of that class (excluding any shares held as Treasury Shares), or by way of a special resolution passed at a separate general meeting of the holders of that class.

### Transfer of Ordinary Shares

There are no restrictions on the transfer of Ordinary Shares in the Company other than certain restrictions which may from time to time be imposed by law. The Company is not aware of any agreements between shareholders that could result in restrictions on the transfer of securities or voting rights.

### Substantial shareholdings

At 31 March 2025, the following percentage interests in the Ordinary Share capital of SSE plc had been notified under Rule 5 of the Disclosure Guidance and Transparency Rules (DTR 5). The Company is not aware of any changes in the interests disclosed under DTR 5 between 31 March 2025 and 20 May 2025.

Shareholder	Date of receiving notification	Voting rights attached to shares*	Voting rights attached to shares as %, rounded to 2 decimal places	Voting rights through financial instruments*	Voting rights through financial instruments as %, rounded to 2 decimal places	Total of both in %, rounded to 2 decimal places	Nature of holding
BlackRock, Inc.	7 January 2025	88,390,921	8.01%	3,988,800	0.34%	8.35%	Indirect, ADR, Securities Lending, CFD
The Capital Group Companies, Inc.	17 September 2020	50,981,817	4.90%	–	–	4.90%	Indirect, ADR
Invesco Limited	7 May 2014	45,775,918	4.69%	–	–	4.69%	Indirect
Caisse de dépôt et placement du Québec	7 January 2021	41,492,159	3.98%	–	–	3.98%	Direct
Barclays Bank Plc							Indirect, ADR, Options, Right to Recall (loan and collateral), Portfolio Swap
	1 August 2022	35,834,843	3.35%	19,978,657	1.87%	5.22%	
Norges Bank	16 December 2024	33,135,477	3.00%	10,013	0.00%	3.00%	Direct, Shares on loan (right to recall)
Bank of America Corporation	1 August 2023	4,713,063	0.43%	85,944	0.01%	0.44%	Indirect, Swaps
The Goldman Sachs Group, Inc.	23 December 2024	2,093,596	0.19%	126,764	0.01%	0.20%	Indirect, Securities Lending, Swap, Call Warrant

\* At date of disclosure by relevant entity.

### Authority to purchase shares

At the 2024 AGM, the Company obtained shareholder approval to buy up to 109,345,335 of its own Ordinary Shares (representing 10% of its issued share capital) up until the end of the AGM 2025 or, if earlier, the close of business on 30 September 2025.

On 30 September 2024, the Company announced the commencement of a programme to repurchase its Ordinary Shares up to a maximum value of £75 million (the "Buyback Programme"). The Buyback Programme was undertaken solely to cap scrip dividend take-up at 25% in respect of the financial year ended 31 March 2024, in line with the Company's long-standing dividend plan to 2026/27. Between 30 September 2024 and 16 October 2024, 3,806,487 Ordinary Shares were repurchased on the London Stock Exchange as detailed in the table below. The Ordinary Shares purchased are held in treasury. All Ordinary Shares acquired under the Buyback Programme were purchased within certain pre-set parameters, and in accordance with the authority granted by shareholders at SSE's 2024 AGM, Chapter 9 of UK Listing Rules, and the Market Abuse Regulation (596/2014) as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 and as amended (including by the Market Abuse (Amendment) (EU Exit) Regulations 2019) (MAR). Further information on the Buyback Programme can be found on [sse.com](https://sse.com).

Share repurchase programme	Number of shares repurchased	Nominal value of shares purchased	Aggregate amount paid	Percentage of called-up share capital as at 20 May 2025 represented by shares repurchased
Scrip take-up	3,806,487	£1,903,243.50	£71,273,666.88	0.34

During the financial year ended 31 March 2025, the Company used 1,742,582 of the Treasury Shares acquired under the Buyback Programme and prior share repurchase programmes to satisfy the requirements of the UK all-employee Sharesave Scheme.

At the 2025 AGM, the Directors will seek renewed authority to purchase the Company's own shares in the market.

## Voting

Each Ordinary Share of the Company carries one vote at general meetings of the Company. Any Ordinary Shares held in treasury have no voting rights.

A shareholder entitled to attend, speak and vote at a general meeting can exercise their right to vote by attending (either in person or virtually where electronic facilities are provided), or by validly appointing a proxy or corporate representative in the case of corporate members. To be valid, notification of the appointment of a proxy must be received at least 48 hours before the general meeting at which the person named in the proxy notice proposes to vote. The Directors have the discretion to exclude non-working days when calculating the 48-hour period.

Employees who participate in the Share Incentive Plan, whose shares remain in the schemes' trust, may direct the trustees to vote on their behalf by completing a Form of Direction. SSE also has a Share Plan Account service with Computershare which may be used by employees to hold shares arising from the exercise of matured options under SSE's Sharesave Scheme. Computershare provide a facility for participants to vote on their shares with voting deadlines communicated in advance of each General Meeting.

## Annual General Meeting (AGM)

The AGM of the Company will be held on Thursday 17 July 2025 at 12.30pm at the Perth Concert Hall, Mill Street, Perth PH1 5HZ and virtually, via a secure online platform. Shareholders joining online will be able to watch the meeting, ask questions and vote in real time. Details of the arrangements for the AGM, resolutions to be proposed, and how to vote and ask questions are set out in the Notice of Annual General Meeting 2025 which accompanies this report for shareholders receiving hard copy documents. This is also available at [sse.com](https://sse.com) for those receiving documents electronically.

## Articles of Association changes

The Company's Articles of Association were adopted at the 2021 AGM. Amendments to the Articles of Association can only be made by a special resolution at a general meeting of the Company.

## Change of control

The Company is party to several agreements that take effect, alter or terminate upon a change of control of the Company following a takeover. At 31 March 2025, change of control provisions were included in agreements for committed credit facilities, EIB debt, US private placements, senior bonds and hybrid instruments. The Company is not aware of any other agreements with change of control provisions that could significantly affect the business.

## Disclosure of information to the auditor

Each Director who held office at the date of approval of this Directors' Report confirms that, as far as they are aware, there is no relevant audit information of which the Company's Auditors are unaware. Each Director has taken all necessary steps required in their duty as a Director to become aware of any relevant audit information and to make sure the Company's Auditors are aware of such information.

## Related party transactions

Related party transactions are set out in [note A5](#) of the Accompanying Information.

## Post-balance sheet events

There are no post-balance sheet events to report.

The Directors' Report set out on [pages 84 to 160](#) has been approved by the Board of Directors in accordance with the Companies Act 2006.

By order of the Board



**Liz Tanner**

Group General Counsel and Company Secretary, SSE plc

20 May 2025



# Statement of Directors' responsibilities in respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards ("IFRS"), and have elected to prepare the parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 101, "Reduced Disclosure Framework".

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of their profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable, relevant and reliable;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs (and in respect of the parent Company financial statements, FRS 101) is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and parent Company financial position and financial performance;
- in respect of the Group financial statements, state whether UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- in respect of the parent Company financial statements, state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent Company's ability to continue as a Going Concern, disclosing, as applicable, matters related to Going Concern; and
- use the Going Concern basis of accounting unless they either intend to liquidate the Group or the parent Company, or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Annual Report, including the Strategic Report, includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.



**Alistair Phillips-Davies**  
Chief Executive



**Barry O'Regan**  
Chief Financial Officer

20 May 2025